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# TEACHERS' RETIREMENT BOARD MEETING

## FEBRUARY 11, 1987

Chairman Meske called the meeting to order at 9:30 a.m.

Those present were:

Kenneth Meske, Chairman
Edward F. Argenbright, Ex-Officio OSPI
James E. Burke, Vice Chairman
LeRoy Corbin, Active Teacher
J. Thomas Ryan, Retired Member
David L. Senn, Executive Secretary
Mary L. Andridge, Assistant Executive Secretary
Beda Lovitt, Chief Legal Counsel
Alton Hendrickson, Consulting Actuary
Representative Ralph Eudaily
John LaFaver, Director, Dept. of Revenue
Larry Nachtsheim, Administrator, PERD
Les Loble, Lobbist, TIAA-CREF
Dave Evenson, Dept. of Higher Education

It was noted that J. William Kearns was absent but was expected to arrive shortly.

The first item of business was Senate Bill 307, Montana Economic and Tax Reform Act of 1987. Mr. John LaFaver was on hand to explain the proposal and the impact on retired teachers. Mr. LaFaver first explained the impact of federal tax reform on retirees. He said the Federal Tax Reform Act affected retirees in two ways: (1) The new law repeals the three year recovery rule, and (2) the value of the standard deduction was raised from around $3,700 to $5,000. Several questions were asked in regards to those retirees who may or may not pay more state taxes. Mr. Corbin pointed out that retired teachers have received very little in the way of cost of living adjustments and that he would not like to see their taxes increased. Mr. Nachtsheim pointed out that by deleting the tax exclusions found in Title 19 of the Montana Codes Annotated retirement benefits also become subject to estate taxes. Mr. LaFaver said that this was not the intent and that this would have to be addressed. Mr. Hendrickson asked what would be the average percentage increase in taxes. Mr. LaFaver stated the average retiree would pay approximately 10% more in taxes. However, the increase expressed as a percentage of his benefit would be very small. Mr. Ryan observed that the exemption from state and local taxes was part of the overall retirement package offered teachers in Montana. Given the low salaries paid to teachers, the total retirement package was part of the reason he entered into the teaching profession. He said he was opposed to taxing teachers retirement benefits. The discussion continued regarding the taxation of benefits and the effects on retired teachers. Chairman Meske thanked Mr. LaFaver for coming to the meeting and explaining the tax bill to the Board.

The next item of business was House Bill 300, Optional Retirement Plan for members of the University System. In attendance was Les Loble, representing TIAA-CREF and Dave Evenson from the Commissioners Office of Higher Education. Mr. Loble handed out a proposed amendment to House Bill 300 and explained the effects of the amendment. He went on to explain that the 1985 valuation shows the system needs to receive 5.8% of salary to fund the current unfunded liabilities which would only leave 8.672% for the Optional Retirement Plan. He said that as a practical matter, TIAA-CREF has found that they need 10% to truly have an optional plan, so the bill has been drafted so that the floor is 10%. That would mean that only 4.472% would flow into the Teachers' Retirement System. Mr. Loble said the University System has agreed that if 4.472% is not sufficient to fund the unfunded liability then it would come up with the dollars necessary to make Teachers' Retirement System whole. Under the proposed amendments, if 4.472% is greater then what the biennial valuation shows is necessary, the additional amount will be available to flow into the Optional Retirement Plan. Mr. Loble also stated the University System agrees to continue to contribute to any unfunded liability created through future increases in benefits to existing active and retired members. Mr. Corbin stated that the comment had been made to him that the purpose of this legislation is to be better able to hire the upper echelon of the University System. He asked Mr. Loble if this was true or untrue. Mr. Loble responded that it was true but it was not the whole reason. Mr. Corbin then asked how many people would opt for this new system and how many people in the University System were employed new into the system each year. Mr. Loble responded that it was his experience that about 10% of the current population of the retirement system would opt to change. He said that new employees, particularly if they are young, tend to opt for the Optional Retirement Plan and that after about 15 years 80% of all new hires are with the optional plan. He estimated 300 university employees would opt to go with TIAA-CREF the first year and that in the long run you end up with about 80% of your membership in the Optional Retirement Plan. Chairman Meske asked how many states belong to TIAA-CREF. Mr. Loble answered 34 states plus the District of Columbia. At this time, Bill Kearns joined the Board Meeting and was introduced. Mr. Corbin then asked Mr. Hendrickson to explain why he had made the statement in his letter that if an option were given to all members of the Teachers' Retirement System, the system could not support the financial burden unless funding were increased substantially. Mr. Hendrickson responded that the statement was made to point out the significance of the option. He had chosen the words increased substantially rather then mean its financial ruin. Mr. Argenbright asked if the motivation of the University System was to use this as a recruiting tool. Mr. Loble said that the person who was only going to be here for a few years would be more attracted to the Optional Retirement Plan because they could get immediate vesting. Mr. Argenbright stated that he was aware that the Board of Regents had other alternatives to put together a financial package for recruitment. Mr. Loble stated that it was his understanding they could not do this. Mr. Argenbright stated, therefore, the University System is moving toward a

national "take it with you" type of retirement system. Mr. Loble responded that when you have 36 states that have adopted this type of a plan, there is a take it or leave it retirement plan and those states that don't adopt it are in a more difficult situation competitively. Mr. Corbin stated that somebody is going to have to pay to give the University System this Optional Retirement Plan and that somebody is going to be the public school teachers. Mr. Loble said he disagreed. The purpose of his amendment was to have a valuation done every two years that will determine the unfunded liability and then it is the obligation of the university to pay it. Chairman Meske asked Mr. Hendrickson to give the Board an overview from the perspective of the actuary. Mr. Hendrickson made the following comments. The Teachers' Retirement System has a huge unfunded liability and the University System should pay their fair share of which the present value is approximately $80,000,000. The University System currently has an annual payroll of around $55,000,000 and they should put away a percentage each year to help pay their fair share. They should pay this percentage on all employees salaries not just those that elect the Teachers' Retirement System. Another point of concern is that if they can not afford 5.8% this year, will they be able to afford it in the future. There should be some real protection given in the legislature to insure that future liabilities will be paid. It's true that 300 people dropping out of the system and losing 1.3% the first year is not going to bankrupt the system. It is not what happens in the next three years, it is the 80% of future members that don't joint Teachers' Retirement that have the greatest cost. That is when the 1.3% difference in funding really catches up very quickly. If this legislation truly addresses and funds this concern, it will not become a problem. Another point is the option or selection. When the system is selected against, we get those that are a financial burden to the system and it will be an expense to the Teachers' Retirement System. We don't know what that expense is, but we do know it will have to be borne by all the members who do not elect out of the system. Mr. Hendrickson said that from an actuarial standpoint he would prefer that it weren't an optional plan that all new hires were required to join TIAA-CREF, then the Teachers' Retirement System wouldn't be saddled with just those people who are a financial burden and he would have no problem supporting this proposal. It is very difficult to identify what the additional cost of this proposal will be for the University System. Another concern is what will happen if some group comes along and says we are all members of this system, why does one group get an option and we don't? We can't look to federal legislation on this questions because it is state law. If some Judge says that this is discrimination and everybody should be given an option, the funding to the Teachers' Retirement System will have to be increased substantially. Finally, Mr. Hendrickson said that he was concerned with the plan maintaining its qualified status under 414H(2) of the Internal Revenue Code. He felt that since other states have apparently not had any problems, Montana shouldn't expect any trouble either but he recommends that the Board request a ruling from the IRS before they support any legislation proposing an option to Teachers' Retirement System. However, Mr. Hendrickson said he

really did not believe this would be a problem.

The benefits of the Optional Retirement Plan over Teachers' Retirement System were briefly discussed further. At this point the Chairman asked the Board if they were ready to take a position on House Bill 300. Mr. Burke moved that the Board agree to accept the 4.472% with a study to be made prior to the 1991 session to determine actuarial cost. The motion died for lack of a second. Mr. Ryan then moved not to approve the proposed Optional Retirement Plan. The motion was seconded by Mr. Corbin. The motion carried 5/1 with Mr. Burke voting no. The Chairman thanked Mr. Loble and Mr. Evenson for taking the time to attend the Board Meeting and they departed.

The next item of business was House Bill 276. The Executive Secretary explained the problems he has with this legislation and asked the Board to concur with his decision to withdraw the legislation. Mr. Corbin Moved to concur. Mr. Kearns seconded. The motion carried unanimously.

Chairman Meske noted the next issue was Senate Bill 136. This bill would require full service and benefits be given to a member whose hours are cut as a result of budget reduction. After a short discussion, Mr. Burke moved the legislation be opposed. Mr. Corbin seconded. The motion carried unanimously.

The next bill on the agenda was Senate Bill 244. This bill would prohibit investments of public funds in firms doing business in South Africa. After a short discussion, Mr. Burke moved the Board maintain their current position to support the Board of Investment in their investment decisions. Mr. Kearns seconded. The motion passed 3/2 with Mr. Corbin and Mr. Ryan voting no.

The next item on the agenda was other legislation. The Executive Secretary briefly discussed each bill he had been monitoring during the session and reported on its status. The meeting then returned to Senate Bill 307 and Chairman Meske asked what would be the pleasure of the Board. After a lengthy discussion it was the general consensus of the Board, they did not want to take any position.

At 12:30 p.m. the meeting was adjourned on a motion by Mr. Ryan and seconded by Mr. Burke. The motion carried unanimously.

Kenneth M. Meske

Kenneth M. Meske, Chairman

David L. Senn

David L. Senn
Executive Secretary

DLS:dlh

# TEACHERS' RETIREMENT BOARD MEETING

## March 16 & 17, 1987

The meeting was called to order by Chairman Meske at 9:00 a.m. Those in attendance were:

Kenneth Meske, Chairman
J. Thomas Ryan, Retired Member
J. William Kearns, Jr., Board Member
James E. Burke, Vice Chairman
Edward F. Argenbright, Ex-Officio OSPI
LeRoy Corbin, Active Teacher
David L. Senn, Executive Secretary
Mary L. Andridge, Assistant Executive Secretary

The first order of business was approval of the minutes of December 12, 1986 and February 11, 1987. Mr. Corbin moved to adopt the minutes as presented. Mr. Ryan seconded the motion and the motion carried unanimously.

The next item was Financial Statements and Budget Report. The Executive Secretary reviewed the 1987 budget report with the Board. He explained that the budget amendment had been requested to fund the termination pay out of the previous Executive Secretary. The budget amendment bill had been returned to the House with amendments and was expected to pass.

The next item of business was the Investment Report. The chairman asked if the board had any questions regarding the material received. The Executive Secretary asked for comments from the Board Members as to their needs and uses for the Investment Reports they receive. Mr. Kearns explained that the reports were an overall review of the investments and while the Teachers' Retirement Board did not actually do the investing they had a responsibility to know where the funds were invested and to follow up on anything they felt was questionable. Mr. Argenbright said he found the information useful when reviewing interest rates and it gives the Board some insight into what is happening. Mr. Corbin stated that he felt even though the Board of Investments was doing the investments it was still the responsibility of the Teachers' Retirement Board to keep informed. The Board discussed ways of condensing the material and the Executive Secretary said he would work with the staff to present a more condensed and concise report at the next meeting. At this point in the meeting, Mr. Burke joined the meeting. The Board continued to review the Investment Report covering Repurchase Agreements, Bond Purchases, Invested Balances, Mortgage and Administrative Expense Reports. Each report was discussed briefly. The Assistant Executive Secretary then reported on Delinquent Mortgages. Following the report a motion was made by Mr. Kearns to file the reports as presented and seconded by Mr. Burke. The motion passed unanimously.

The next item of business was the Investment Report. The

Executive Secretary reported that House Bill 171 to allow the Board of Investments to invest in Venture Capital had been returned to the House by the Senate with an amendment and that the House was expected to concur. The Executive Secretary called to the Board's attention a report in their folders on State Venture Capital Investment Programs prepared by the Montana Science and Technology Alliance. The Executive Secretary asked if the Board would like to have a presentation on Venture Capital at the next meeting. The Board said they would like to have someone and the Executive Secretary said he would arrange a presentation.

The next item of business was the Executive Secretary's Report. The Chairman asked if he would like to make any comments and the Executive Secretary said he would like to add two handouts to his report. One entitled "What is Happening to Public Employee Plans" and another entitled "What is the Future for Public Retirement Systems". He stated that he had found both of these very informative and felt that the Board would find them useful. He also noted that the City of Helena had agreed to the Board's request to reserve the first parking place in front of the Teachers' Retirement Building for handicap parking. The Executive Secretary then reviewed the written report with the Board. He mentioned he had met with Ellen Feaver, Director of the Department of Administration, to discuss the attached to status of the Teachers' Retirement Division and had agreed to keep her informed on legislation and changes in policy. It was also noted that the Assistant Executive Secretary had met with the teachers in Great Falls and the Executive Secretary was scheduled to meet with the Association of Retired Teachers in Lewistown and Missoula on April 27th and 29th. The Biennial Actuarial Valuation was scheduled for July 1, 1987. If the Board would like to have any additional reports or analysis done, the Executive Secretary needed to know as soon as possible. He noted that the Systems Development Project was on schedule and should be completed before year end. As part of this project, the annual statements were being redesigned and he called to the Boards attention the new format which they had received. The Executive Secretary reported that the legislature was requiring most of his time and that the Assistant Executive Secretary had been keeping up with the daily correspondence and buy back requests. It was also reported that all required year end IRS reports were timely filed and for the first time filed on magnetic tape. Mr. Burke moved to file the Executive Secretary's Report. Mr. Corbin seconded the motion, which passed unanimously.

Next on the agenda was Old Business. The Executive Secretary reviewed the bills which were still pending in the legislature and gave an updated status report on each bill. All legislation requested by the Teachers' Retirement Board was proceeding through the session and was expected to be passed with exception of HB 276 to define termination pay. He reminded the Board in their meeting of February 11, 1987, that they had agreed to concur in his recommendation to hold back on this bill. The only other legislation which affects the Teachers' Retirement System

is House Bill 300. He noted that the Board was scheduled to meet with Dave Evenson in the morning to discuss this legislation.

The Board next took up the matter of School District 2 Yellowstone. The Executive Secretary reviewed with the Board the letter of September 9, 1987 sent by Beda Lovitt to the school district regarding the Head Start teachers. He noted that the school district had not responded and that Beda was aware of the situation.

Next on the agenda was Systems Development Budget. The Executive Secretary reviewed the costs to date of the systems development. He explained that based upon an estimate completed by the Systems Development Bureau in 1984, development of the system is projected to be completed $26,300 under the total estimated. However, the system enhancements and corrections are projected to cost $33,600 more then was estimated. The processing charges for FY87 were projected to be very close to the 1984 estimate. He stated that even though the cost over run for enhancements and corrections were going to far exceed the savings in the development area, sufficient funds were available to complete the project provided the projection to year end were close. The Board expressed their concern over the cost of the system. They said they would also like to have the capability to electronically deposit monthly benefit payments in the future. The Board discussed the possibility of acquiring PC's to be used in the calculation of benefits, buy backs, word processing and financial statements. It was moved by Mr. Ryan to pursue the possibility of using the Minnie Fullam Fund to purchase PC's and that the Executive Secretary prepare a proposal for the next meeting to use these funds if available. The motion was seconded by Mr. Burke and passed unanimously.

Under any other old business, the Executive Secretary stated the Assistant Executive Secretary would like to have two days off around Memorial Day and asked if the Assistant would like to announce why. She declined and the Executive Secretary informed the Board that she was planning to get married. Mr. Burke moved to grant Mary Andridge the privilege of two days off to go to Idaho to get married. Mr. Corbin seconded the motion, which passed unanimously.

The Chairman then moved the order of business to number seven, Approval of Applications and Benefits. Mr. Corbin moved that the regular retirements, survivorships and adjustments be approved as presented. The motion was seconded by Mr. Argenbright and passed unanimously.

Next the Board reviewed the disability application of Frank Guenther. After review of the medical report, Mr. Kearns moved the application be approved. The motion was seconded by Mr. Ryan. The motion passed unanimously.

Next the disability application of Frayne M. Hjelmstad was considered. After a brief discussion, Mr. Burke moved the approval of the disability application. Mr. Corbin seconded the

motion which passed unanimously.

The disability application of Joseph J. Rich was next reviewed by the Board. Mr. Corbin moved for approval. Mr. Kearns seconded the motion. The motion carried unanimously.

The last disability application was of John Robbins. Mr. Corbin discussed the condition of Mr. Robbins and moved that the application be adopted. Mr. Ryan seconded the motion. The motion passed unanimously.

Chairman Meske then moved the order of business to New Business and asked the Executive Secretary for his comments on the interest rate paid by the Teachers' Retirement System. The Executive Secretary explained that he had reviewed past minutes to determine how the Board had set the interest rate. He found the rate had been set based upon the yield for the past fiscal year and the current short term rate. He noted the Teachers' Retirement System in fiscal year 1986 had a yield of 12.46% while the short term investment pools had been 7.47% and 8.25%. The teachers yield had remained high because of the large number of bonds that had been called. Mr. Kearns noted that CD's were currently at 5-6% and that rates were projected to be low for the next couple years. The Board discussed at some length, what they felt interest rates were going to do and what effect the rate set had on the Retirement System and its members. It was noted that the rates were currently 8% on members accounts and 9% on tax sheltered annuity accounts. Mr. Ryan moved that the rates be changed from 8% and 9% to 7% and 8% effective July 1, 1987. Mr. Burke seconded the motion. The motion carried unanimously.

The next item under New Business was Twelve Month Contract Adjustments. The Assistant Executive Secretary explained that employees on a twelve month contract are generally paid starting in September and then in June receive an adjustment for the time actually worked over the last twelve months to finalize the contract. She said when a member retires during the school year an adjustment is made for the time worked. Therefore, in the calculation of final average compensation we have included an adjustment in June in each of the last three years and a final adjustment in the month the member actually retires. She recommended that the June adjustment in the first year of the three consecutive year average be reduced to compensate only for the number of months of that fiscal year actually included in the average. The Executive Secretary explained that when an individual retired at the end of a school term, three June adjustments are included in the calculation of final average compensation. When an individual retires on January 1, 1987 not only have the three June adjustments been included but we have also included the adjustment he/she would receive in December 1986, thus overstating the final average compensation and resulting in the overpayment of benefits. It was the consensus of the Board that the staff should use the actual salary earned for each month used in the calculation of final average compensation and that Administrative Rules should be written to reflect this policy.

At this point, Chairman Meske announced the meeting would be recessed until tomorrow morning at 9:00 a.m.

At 9:10 a.m. the Chairman called the meeting of the Teachers' Retirement Board back to order. The Chairman noted that Mr. David Evenson, of the Commissioners Office of Higher Education, was present. Without objections, Chairman Meske moved the order of business back to Legislation and House Bill 300. The Executive Secretary reviewed House Bill 300 and the current position of the Teachers' Retirement Board. He said he had drafted amendments which he felt, if adopted, would address the concerns of the Teachers' Retirement Board. He noted that copies of the amendment were in the folders of the Board members. He asked Mr. Evenson if he would care to comment on the amendments. Mr. Evenson said, regretfully, there still appeared to be a difference of opinion. It was their opinion the House amendment made clear that the Board of Regents will pay the unfunded liability they owe and that the issue really seems to be when it will be paid, after an actuarial study or before. He said it was the position of the Board of Regents that it should be after. He said the Board of Regents could not accept the amendments as presented by the Executive Secretary. One, because they can find no real evidence that adverse selection is going to harm the Teachers' Retirement System and two, who should get the money first? He said that the feeling the Regents have is that the deep pocket really is the Teachers' Retirement System and if we are talking about reimbursing from the Regents to the Teachers' Retirement and/or the other way, what happens is, that if there is an excess on the retirement portion, that will go into the TIAA-CREF for the participants. If they get a reimbursement four years from now, they in effect will have lost that period of time for their own retirement and they feel the individual will be disadvantaged. Therefore, it would be better for the Teachers' Retirement System to get the unfunded liability payments four years hence and less harm would be done in that circumstance. Mr. Corbin asked Mr. Evenson why four years from now do you make up the difference instead of paying the 5.8% now and the adjustments, if any, be made later. Mr. Evenson said that the 5.8% is based upon the 1985 valuation and an inflation factor of 6.5%. He said it is their feeling that the actuary will lower this rate and that the 5.8% will approach the number provided in the bill, 4.472%. He said the difference in contributions will be somewhere between $200,000-$600,000 and this amount will not bankrupt the Teachers' Retirement System. He said that amount of money with interest is going to, in effect, be repaid under the House amendment. Mr. Corbin asked what is the provision that we will be repaid. Mr. Evenson said there are two provisions. One the amendment for the repayment after the actuarial study and the second is the constitutional authority of the Regents which has the authority to make the commitment and, in effect, it has been made and that he had the authority to say that. The Board continued to discuss the funding of the proposal and reviewed several other options with Mr. Evenson. At this point in the meeting, Mr. Dick Burt and Mr. John Nugent, from Montana Tech, joined the meeting. They discussed their concerns regarding recruitment at Tech and indicated their support for House Bill

300. After further discussion, Mr. Kearns moved to reaffirm the Boards position to not support House Bill 300 unless the University System was required to pay the actuarial cost of the unfunded liability as of the effective date of the legislation. The motion was seconded by Mr. Ryan. The motion carried unanimously.

The next item of business was Actuarial Contract. The Executive Secretary explained the current contract for actuarial services expires June 30, 1987, and the Board has the option to renew the current contract if they so choose. The Executive Secretary asked that the Board authorize him to renew the contract with Hendrickson & Associates with no increase in fees and that he be authorized to increase fees to the extent approved by the legislature, if any. Mr. Kearns so moved. The motion was seconded by Mr. Corbin and carried unanimously.

Next the Board reviewed the request to purchase out-of-state private teaching by Mr. Alvin Fiscus. The Executive Secretary read a letter from Mr. Fiscus and the opinion he had received from the Boards attorney. Mr. Fiscus felt that his previous PERS service and/or the date he had signed his contract with the university system should establish his employment date for eligibility to purchase out-of-state service under the Teachers' Retirement Act. It was the opinion of the attorney that Mr. Fiscus could not use his PERS service on the date he signed his contract to establish his eligibility to purchase service in the Teachers' Retirement System. The Board reviewed Mr. Fiscus' request and the opinion of legal counsel. After a lengthy discussion, Mr. Burke moved to deny the request of Mr. Fiscus which was seconded by Mr. Argenbright. The motion passed unanimously.

Chairman Meske then asked if there were any other business or any comments from the Board. Mr. Corbin commented that he felt the Executive Secretary had done an excellent job with legislation and said to keep up the good work. The next meeting date was then discussed and set for July 10, 1987, in Helena. Mr. Corbin then moved that the meeting be adjourned. Mr. Burke seconded the motion and it passed unanimously.

Kenneth M. Meske, Chairman

David L. Senn
Executive Secretary

DLS:dlh

# EXECUTIVE SECRETARY'S REPORT

## March 16 & 17, 1987

I met with Ellen Feaver, Director of the Department of Administration, to discuss my duties and responsibilities as Administrator of an agency attached to the Department. Basically, I agreed to keep her informed of the major policies and decisions affecting the Teachers' Retirement System. She was not interested, so much, in the day to day administration of the system as she was legislation and changes in policy.

On January 15, 1987, Mary Andridge spoke to about 35 teachers at School District #1 in Great Falls. The district was offering an early retirement incentive and individuals were interested in how much the incentive would increase their monthly benefits. The Association of Retired Teachers has requested that I talk to their membership in Lewistown and Missoula on April 27th and 29th. I plan to attend their meeting provided we have the budget.

The biennial actuarial valuation is scheduled for July 1, 1987. Given the enhanced capacity of our new data processing system, we will be rewriting the programs to extract the data necessary to prepare the valuation. If there are any analysis the Board would like to see as part of the annual valuation, please let me know as soon as possible so that we may be sure to include the data necessary.

We are on schedule with the final phases of the system development project and have started looking ahead at what enhancements are needed. Barring any further problems, I am hopeful we will complete this project this fiscal year and within budget. The annual membership statements, this year, will be different then what has been used in the past. I have attached a copy for your information. We are entering all membership forms, on file with the office, so that we may print the beneficiary information on the members statement. Since this is very long and time consuming project, I hope we will be able to get every member entered into the system.

The legislature is taking a great deal of my time and I have been unable to keep up with the daily tasks of the position, however, I am very pleased to report that Mary Andridge has almost completely taken over the responsibility of answering the daily correspondence and costing the various requests we receive from members. We have also temporarily assigned additional duties and responsibilities to everyone else. I am proud to say that everyone is helping in any way they can and we have managed to keep the backlog very low.

As of February 24, 1987, all required state and IRS reports for W2-P's and 1099's were timely filed and this year for the first time were filed on magnetic tape. In the process of preparing the 1986 state forms, we discovered that nothing had been reported to the state regarding refunds for tax year 1985. Prior to the employer pick up provision enacted during the 1985 session, we were not required to file anything regarding refunds with the State of Montana. I've contacted the Department of Revenue and will be sending them a letter explaining the error and giving them a list of the people involved.

STATE OF MONTANA
TEACHERS' RETIREMENT SYSTEM
1500 6TH AVE.
HELENA, MT 59620-0139

# MEMBER'S STATEMENT OF ACCOUNT

FOR THE FISCAL YEAR

PERSONAL DATA:
SSN:
NAME:
BIRTH DATE:

BENEFICIARY DATA:
SSN:
NAME:
BIRTH DATE:

SERVICE PRIOR: MEMBERSHIP: TOTAL YEARS SERVICE: EMPLOYER NUMBER:

| EXPLANATION | REGULAR CONTRIBUTIONS | EPU CONTRIBUTIONS | ADDITIONAL CONTRIBUTIONS | INTEREST | TOTAL |
|---|---|---|---|---|---|
| | | | | | |

| BREAKDOWN OF CONTRIBUTIONS | REGULAR | EMPLOYER PICK-UP | ADDITIONAL | TOTAL |
|---|---|---|---|---|
| | | | | |

## IMPORTANT INFORMATION

THIS STATEMENT IS FOR INFORMATION PURPOSES ONLY. PLEASE REVIEW IT AND NOTE ANY ITEMS ON THE FACE THAT DO NOT AGREE WITH YOUR RECORDS IF IT DOES NOT AGREE WITH YOUR RECORDS, MARK THE CORRECTIONS ON THE FACE AND RETURN THIS COPY.

RETIREMENT CALCULATIONS WILL BE MADE ON THE BASIS OF OFFICIAL RECORDS ON FILE WITH THE RETIREMENT SYSTEM AND NOT ON THE BASIS OF THIS STATEMENT PAYMENTS RECEIVED AFTER THE FISCAL YEAR HAS BEEN CLOSED WILL NOT BE REFLECTED ON THIS STATEMENT.

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - DECEMBER 1986

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Hart Donna L. | 07-01-86 | Missoula | 8.91 | $ 111.94 | 53 |
| Christensen, Gladys | 07-01-83 | V.R. | 19.00 | 287.84 | 52 |

## SURVIVOR APPLICATIONS - DECEMBER 1986

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Booth, Burl L. | 10-01-86 | Choteau | 29.00 | $ 984.90 | 55 |
| Survivor of Betty Booth | | | | | 58 |

## ADJUSTMENTS - DECEMBER 1986

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Beckman, Jesse K. Overpaid During 1984-85 School Year | 11-01-85 | $ 694.77 | $ 691.35 |

## RETIREMENT APPLICATIONS - JANUARY 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Blackwell, Robert L. | 01-01-87 | Gallatin | 30.78 | $1,897.98 | 62 |
| Limesand, Lennis L. | 01-01-87 | Liberty | 30.50 | 666.51 | 56 |
| Loney, Helen P. | 01-01-87 | Cascade | 39.36 | 1,440.47 | 70 |
| Saucier, Ruth | 01-01-87 | M.S.U. | 19.55 | 618.21 | 62 |
| Sharp, Eugene L. | 01-01-87 | M.S.U. | 31.50 | 2,343.94 | 60 |
| Nolan, Jean L. | 01-01-87 | Rosebud | 41.67 | 1,089.66 | 62 |
| Robinett, Clarence L. | 01-01-87 | Rosebud | 14.67 | 753.77 | 59 |
| Drabbs, Alfreda | 01-01-87 | Valley | 25.56 | 629.83 | 66 |
| Larsen, Edgar | 05-01-76 | V.R. | 15.50 | 131.75 | 55 |
| Brown, Margaret | 01-01-87 | Gallatin | 28.00 | 849.65 | 72 |
| Berryman, Norma | 01-01-87 | Silver Bow | 27.42 | 1,027.21 | 51 |

ADJUSTMENTS - JANUARY 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Garry, John C.<br>Adjustment to reflect the use of correct summer earnings. | 07-01-86 | $1,858.75 | $1,872.34 |
| Claugue, Claudia<br>Adjustment to reflect the use of correct termination pay. | 11-01-86 | 1,315.05 | 1,320.80 |

RETIREMENT APPLICATIONS - FEBRUARY 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Catlin, Jack E. | 02-01-87 | M.S.U. | 31.58 | $2,232.61 | 60 |
| Jacobson, Lenore A. | 02-01-87 | V.R. | 10.00 | 100.00 | 60 |
| Williams, James C. | 10-01-85 | M.S.U. | 19.41 | 553.38 | 50 |
| Olsen, Ralph A. | 01-01-87 | M.S.U. | 35.75 | 2,205.71 | 62 |
| Roberts, Victor R. | 02-01-87 | Yellowstone | 18.54 | 525.71 | 64 |
| Johnson, Ralph W. | 02-01-87 | Flathead | 30.65 | 1,309.87 | 54 |
| Nett, Gene | 02-01-87 | V.R. | 22.23 | 468.93 | 50 |

ADJUSTMENTS - FEBRUARY 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Saucier, Ruth<br>Adjustment to reflect the use of actual termination pay. | 01-01-87 | $ 618.21 | $ 618.34 |
| Blackwell, Robert L.<br>Adjustment to reflect the use of actual termination pay. | 01-01-87 | 1,897.98 | 1,897.60 |
| Sharp, Eugene L.<br>Adjustment to reflect the use of actual termination pay. | 01-01-87 | 2,343.94 | 2,355.24 |
| Robinett, Clarence<br>Adjustment to reflect the use of termination pay. | 01-01-87 | 753.77 | 1,606.96 |

# TEACHERS' RETIREMENT BOARD MEETING

## July 9, 1987

The meeting was called to order by Chairman Meske at 9:05 a.m. in the office of the Teachers' Retirement System. Those in attendance were:

Kenneth Meske, Chairman
James E. Burke, Vice Chairman
Edward F. Argenbright, Ex-Officio OSPI
J. William Kearns, Jr., Board Member
LeRoy Corbin, Active Teacher
Virginia Egli, Newly Appointed Board Member
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Chief Legal Counsel

Chairman Meske noted the newly appointed board member, Virginia Egli, was present and would be seated following the election of officers.

The first order of business was approval of the minutes of March 16 & 17, 1987. The Chairman asked if there were any corrections or additions to the minutes. Mr. Corbin moved approval of the minutes. Mr. Kearns seconded the motion which carried unanimously.

The next item of business was election of officers. Nominations were opened for Chairman. Mr. Argenbright nominated Jim Burke for Chairman. Mr. Corbin seconded the motion and moved that nominations be closed. The motion passed unanimously. Chairman Meske then asked for nomination for Vice Chairman. Mr. Kearns nominated LeRoy Corbin for Vice Chairman. Mr. Argenbright seconded the motion and moved that nominations be closed. The motion passed unanimously. Before leaving Mr. Meske asked that he be allowed to make a few comments. He thanked the Board for the opportunity to service as Chairman and said he enjoyed his four year tenure on the Board. He said that he did not believe the Board should do away with the Fullam Fund but maintain a minimum balance of $50,000. He stated that if the opportunity were made available to him he would be pleased to serve as the retired member of the Board and hoped that the Board would support his nomination. At this point the Chairman elect took his position and the newly appointed Board Member, Virginia Egli, was seated.

The next item of business was selection of delegates to the NCTR Conference. Chairman Burke asked for nomination. Mr. Kearns moved that Mr. Ryan and the Executive Secretary, David Senn, be nominated as delegates to the NCTR Conference. The motion was seconded by Mr. Corbin and carried unanimously. Chairman Burke then asked that the Board turn its attention to the financial statements and budget report. After a brief

discussion of the reports, it was moved by Mr. Kearns to accept the financial statements, budget and investment reports as presented. The motion was seconded by Mr. Argenbright and carried unanimously.

Next the Board discussed Venture Capital and the letter sent to the Chairman of the Board of Investments which asked that the Board of Investments thoroughly review their options and establish goals regarding venture capital before they chose to invest the Teachers' Retirement funds. The Executive Secretary explained that the letter was a result of a meeting between Tom Ryan, Bill Kearns, himself and Larry Nachtsheim, Mike Muszkiewicz, John Prebil and Bob Batista of the Public Employees' Retirement Board. He suggested that a committee be appointed of local board members having the authority to address issues such as this in the interim between Board Meetings. Following a brief discussion the Chairman appointed Tom Ryan, Bill Kearns and Ed Argenbright to a committee to act on behalf of the Teachers' Retirement Board subject to the call of the Executive Secretary. As a further comment regarding Venture Capital, Mr. Kearns stated that as a member of both the Teachers' Retirement Board and the Board of Investments he felt it was essential the Teachers' Retirement System and the Public Employees' Retirement System be in agreement in their position regarding venture capital and asked for the opinion of the Retirement Board. Each of the members spoke to the issue. The Chairman noted it appeared to be the consensus of the Retirement Board to agree with the position of Mr. Kearns.

Next Mary Harrington, Assistant Executive Secretary, briefly reviewed the status of uninsured delinquent mortgages and those currently in default. The Executive Secretary then discussed the Penner report the Board received and asked if they would be interested in receiving these on a monthly basis. It was consensus of the Board that this would be a very good idea. At this point Mr. Tom Ryan joined the meeting.

The next item on the agenda was the Executive Secretary Report. The Executive Secretary briefly reviewed the report. He explained that the budget for fiscal year 1988 was going to be very close depending on any enhancements which may be required to the new data processing system. He also stated that he anticipated leaving the part-time position vacant again this year. The Executive Secretary stated that he would like to make special mention of a member that provided a great deal of input in rewriting the Teachers' Retirement Handbook. Mr. Al Fiscus, professor at MSU, volunteered to critique the handbook and provided many helpful comments and contributed greatly to the new handbook. It was recommended that a letter be sent to Mr. Al Fiscus thanking him for his assistance. In regards to termination pay used in the calculation of benefits, it was the recommendation of the Executive Secretary that when it can be shown a member has received an increase in earned compensation in consideration for retirement, that this increase be used in the calculation of benefits as termination pay and require the member and the employer to pay the higher contribution rates required

under Option I. He also stated that he has committed to arrange a meeting to discuss termination pay between the associations representing members and school districts in an effort to seek a solution to this problem. The Executive Secretary said his first concern in seeking a solution would be to require that the Teachers' Retirement System is fully compensated when termination pay is used in the calculation of benefits. The Board continued to discuss the various uses of termination pay at great length. Mrs. Egli then moved that when it can be shown that a member has received an increase in salary in consideration for retirement that the increase be considered termination pay for the purpose of calculating retirement benefits and the contributions due. If the employer or member refuses to pay additional contributions due the benefit should be recalculated using only salary and termination pay on which contributions due have been received. The motion was seconded by Mr. Argenbright. Mrs. Egli then asked to speak to the motion. She stated that since any legislative correction would not be available for at least two years, the only option the Board had available to them at this point, was to be as aggressive as possible and then legislation if needed would be more appropriate and unions representing teachers will be more aware of the problem. The motion passed unanimously. Mr. Ryan then moved that the Executive Secretary contact the School Board's Association and associations representing teachers and explain the problem regarding termination pay and if possible attend their conferences. The motion was seconded by Mr. Kearns and carried unanimously.

The Executive Secretary continued to review the Executive Secretary Report and said he had also committed to meet with the Retired Teachers Association this fall regarding cost of living adjustments. One idea he had regarding cost of living adjustments was (1) to require that retirees be least age 60 or disabled to be eligible for a cost of living adjustment; (2) any cost of living adjustment should be paid as a one time adjustment possibly as a 13th check from excess earnings; and (3) adjustments should be based upon years of service with limits placed upon the maximum a retiree could receive. Following the discussion regarding cost of living adjustments Mr. Ryan moved that the Board go on record as supporting the Executive Secretary in his pursuit of a cost of living adjustment and to accept the Executive Secretary Report. The motion was seconded by Mr. Corbin and carried unanimously.

The next item on the agenda was old business. First item was review of board policy. The Executive Secretary explained that as he came across policies and practices within the division which he felt were either contrary to existing statutes or needed to be reviewed he would be calling these to the attention of the Board. The first practice or policy the Executive Secretary wished to review was the payment of survivor benefits. The Executive Secretary explained that the statutes governing the calculation of survivor benefits require an actuarial reduction be made for early retirement, however, in practice this reduction has not been made. The Executive Secretary explained that if the Board wished to continue this practice it would be necessary to

change the statutes governing the calculation of survivor benefits. Mr. Corbin asked how much this practice had cost the system. The Executive Secretary answered that he did not know the exact cost. Mr. Corbin expressed a strong desire to know what the cost to the system was before any changes were made. The Chairman directed the Executive Secretary to calculate the cost and report back to the Board before any change in the practice was made. Mrs. Lovitt reminded the Board that by doing so they are in violation of the Teachers' Retirement Law. The Chairman acknowledged Mrs. Lovitt's comments but felt that the Board did not want to change the policy until they were more aware of the cost to the Retirement System.

Next the Executive Secretary explained that the Teachers' Retirement Act required that the cost to qualify additional creditable service be based on the first full years teaching salary following the service the member wishes to qualify. In practice if the first years salary had not been a full year, the division has annualized this salary for the purpose of calculating the cost. The Executive Secretary stated that while this practice provided a very good basis in many cases upon which to base the cost to purchase additional service credit, he felt this was contrary to the statutes of the Teachers' Retirement System. The Chairman directed Mrs. Lovitt to review this practice and report back to the Teachers' Retirement Board.

Next the Executive Secretary explained that the Teachers' Retirement Act defines average final compensation as the average three highest consecutive years earnings. He explained that in practice, we had not required the years be truly consecutive as defined by Websters but have used the highest three years reported even though there may have been breaks in service. The Executive Secretary stated that he had discussed this practice with the Boards attorney and recommended the Board seek future legislation to redefine the earnings used in the calculation of average final compensation. The Board questioned whether the current practice would allow members to return to work for one year and have their benefits recalculated using current salaries and thus create an unfunded liability. The Executive Secretary responded that if a member returned to teaching for one year the benefits were recalculated using one additional years service credit and the current salary, however, he could not state whether this created an unfunded liability in the system. The Chairman directed the Executive Secretary to draft legislation for the Board to consider at a future meeting.

The Executive Secretary then explained that it had been recommended the board adopt a policy to require termination pay be paid within 30 days of termination in order to be used in the calculation of benefits. He felt this was an unenforceable policy and recommended the policy be changed to limit termination pay used in the calculation of benefits to that amount on which contributions have been received. Mr. Kearns moved the policy be changed as recommended by the Executive Secretary. The motion was seconded by Mr. Ryan and passed unanimously.

Next he explained that annuities are paid to members as part of their contract and reported as regular earnings, when in fact these have been paid in consideration for retirement. After a brief discussion the Chairman directed the Executive Secretary to review this practice as part of the termination pay study. When termination pay has been reported prior to the change in statute which allows members to elect to use termination pay in the calculation of benefits, it has been the practice of the division to give members the options currently available. The Executive Secretary recommended this practice be continued and that administrative rules be drafted. After a brief discussion the Chairman directed the Executive Secretary to draft administrative rules.

Last the Executive Secretary stated that he has found some agencies are giving employees with previous PERS service the option to choose retirement systems. He explained that the statutes of the Teachers' Retirement System cover positions not individuals and that if the position meets the requirements for membership in the Teachers' Retirement System, the individual should not be given an option. He recommended that unless the Board wished to change the statutes of the Teachers' Retirement System, employers be informed of the requirement to report positions and not grant employees the option to choose retirement systems. Seeing no objection, the Chairman directed the Executive Secretary to notify employers of the reporting requirements.

At 11:50 a.m. the Chairman recessed the meeting for lunch.

At 1:40 p.m. the meeting was called back to order. Mrs. Doris Balko and Representative Ralph Eudaily were present and the Chairman moved the order of business to Private Kindergarten Teaching Service. The Executive Secretary explained that Mrs. Doris Balko and Mrs. Beverly Jones have requested to purchase private kindergarten teaching service under the provision of 19-4-408 of the Teachers' Retirement Act. He stated that administrative rule 2.44.407 requires that private schools instruct children of compulsory attendance age to qualify for credit in the Teachers' Retirement System. Since kindergarten students are not of compulsory attendance age in Montana, their request has been denied. He explained that the Board had the authority to waive this rule if it can be shown there is reasonable cause to do so. Representative Ralph Eudaily stated he was aware of an individual who had been allowed to purchase private kindergarten teaching service in Montana. The Executive Secretary verified that in 1981 the individual in question had been allowed to do so. He also stated that the administrative rule was drafted after this individual was allowed to purchase their private kindergarten teaching service. The Board discussed the compulsory attendance age requirement with those in attendance at some length. Representative Eudaily and Mrs. Balko both felt the compulsory attendance age requirement accomplished little more than to deny the purchase of private kindergarten teaching service, even when the school met all the other requirements. The Chairman stated that since we have allowed

members in the past to purchase private kindergarten teaching service, we would have justification to waive our rule. Mrs. Egli questioned whether we still wanted to maintain some other type of age requirement. Chairman Burke asked Mrs. Balko if she had limited her attendance based upon age. She stated that she did require the students be at least five years old and had to be eligible for first grade the following year. Mrs. Lovitt suggested that the Board may want to change their rule to require the private institution instruct children who would be eligible to enter the first grade the following year. Mr. Corbin moved to change the administrative rule. The motion was seconded by Mr. Argenbright and passed unanimously. Mr. Ryan stated that he felt reasonable cause had been shown to waive the compulsory age requirement and moved the requirement be waived, thus allowing Mrs. Balko and Mrs. Jones to qualify their private school teaching service. The motion was seconded by Mr. Argenbright and passed unanimously.

The Chairman then directed the Board back to old business, Office Automation Report. He asked the Executive Secretary to respond to the report. The Executive Secretary stated that the Board had requested the report be prepared during their March meeting. He said the report had been written by Pat Emineth, from the Information Center, Department of Administration. The system proposed would help reduce a number of manual functions within the division and save a great deal of time which would allow the division to start providing services to members rather than only responding to inquiries. He stated that with the acquisition of this equipment and software the Board will have the capabilities to achieve their goal of computer access to Teachers' Retirement System information from areas outside Helena. Mr. Ryan stated that he felt there should be a special meeting just to discuss the needs and requirements for office automation within the division and use the Minnie Fullam Fund to purchase the equipment needed. He also said he needed more explanation and rationalization than what we had time for during our regular meeting. The Executive Secretary suggested a committee be appointed to review the Office Automation Report with the authority to authorize purchase of equipment and software. There being no objection the Chairman appointed Mr. Argenbright, Mr. Ryan, Mr. Burke and Mr. Corbin to meet as a committee and report back via a conference call with their recommendation.

The Chairman next called for a report on the NCPERS Conference. Mr. Corbin announced that Mary Harrington had been elected to the Executive Committee of the NCPERS. He reviewed the resolutions adopted at the conference and briefly explained each one. Mrs. Harrington then reviewed the various meetings she attended and stated there was a great deal of discussion regarding the Tax Reform Act of 1986 and the effect it has had on all public retirement systems.

The next item on the agenda was new business and administrative rules. The Executive Secretary explained he had drafted several administrative rules as well as some changes to existing

administrative rules for consideration by the Retirement Board. If the Board wished to adopt the rules as drafted by the Executive Secretary, they would be published for public hearing before becoming officially part of the administrative rules. The Executive Secretary proposed nine new rules primarily to implement legislation from the 1987 Legislative Session as follows:

RULE I DEFINITIONS For the purpose of this chapter, the following definitions apply: (1) "board" or "retirement board" means th teachers retirement board as provided for in 2-5-1010 MCA.

(2) "enrolled actuary" means a person who is enrolled by the joint board for the enrollment of actuaries established under subtitle C of the title III of the Employee Retirement Income Security Act of 1974.

(3) "service credits" or "creditable service" means the number of years credited to a member's account for which contributions have been received as required by statute or rule.

(4) "school term" means the fiscal year July 1 through June 30. (History: Sec. 19-4-201 MCA; IMP, Title 19 Chapter 4 MCA.)

RULE II QUALIFICATION OF THE ACTUARY (1) The actuary designated by the Teachers' Retirement Board must meet the qualification of an "enrolled actuary".

(2) Upon request of the Board, proof of certification as an "enrolled actuary" must be provided. (History: Sec. 19-4-201 MCA; IMP, HB 171.)

This rule is necessary to implement House Bill 171 which requires the Teachers' Retirement Board adopt rules regarding the qualifications of the actuary designated by the Teachers' Retirement Board.

RULE III WITHHOLDING OF GROUP INSURANCE PREMIUM FROM RETIREMENT BENEFIT (1) A retiree who belongs to an employer sponsored group insurance plan that provides for retirees to continue participation, may elect to have monthly premiums withheld from their retirement allowance.

(2) Retirees must enroll in such plans through their previous employers.

(3) The employer will provide the following information to the Teachers' Retirement Board:

(a) Certification of eligibility for all retirees electing to have the premium withheld from the monthly retirement allowance.

(b) Name, social security number, carrier and monthly premium amount for each retiree.

(4) Notification of changes in the premium amount shall be provided by employer to both the retiree and the Teachers' Retirement Board 30 days prior to the effective date.

(a) If 30 days notification cannot be provided to the Teachers' Retirement Board, the employer must make arrangements with the retiree for payment of the correct premium amount.

(History: Sec. 19-4-201 MCA; IMP, HB 181.)

This rule is necessary for the implementation of House Bill 181.

RULE IV OPTIONAL RETIREMENT PROGRAM FOR CERTAIN MEMBERS OF THE MONTANA UNIVERSITY SYSTEM (1) Each unit of the university system shall provide the Teachers' Retirement Board with a monthly report of all members participating in the optional retirement program and remit the employer contributions due. The report shall contain the following and be in alphabetical order:

(a) Last name, first name
(b) Social security number
(c) Salary earned

(2) Members of the Montana University System, electing to participate in the optional retirement program, will not be eligible for retirement benefits under Title 19, Chapter 4, Parts 8 and 9 until they have terminated their employment.

(3) Retirees returning to employment within a unit of the university system and electing to participate in the optional retirement program will be reinstated to the status of an inactive vested member of the Teachers' Retirement System and their monthly benefit will be cancelled. (History: Sec. 19-4-201 MCA; IMP, HB 300.)

This rule is proposed to specify the reporting procedure for units of the university system and to specify when members participating in the optional retirement program may be eligible for retirement benefits under HB 300.

RULE V PURCHASE OF SUBSTITUTE TEACHING SERVICE AND PART-TIME EMPLOYMENT (1) A member employed 30 days or less as a substitute teacher or part-time employee who elected not to become a member may receive service credit provided they contribute an amount equal to the combined employee and employer contributions which would have been made had they been covered at the time of employment, plus the interest the contributions would have earned had they been on deposit with the Teachers' Retirement System. (History: Sec. 19-4-201 MCA; IMP, HB 215.)

This rule is necessary to specify when a member is eligible to purchase their substitute or part-time teaching service which had not been previously covered. This rule will specify how to report lump sum payments and is consistent with the current policy of the Teachers' Retirement Board.

RULE VI LUMP SUM PAYMENTS AT THE END OF THE SCHOOL TERM ( 1 ) Lump sum payments made under contract at the end of the school term for unused personal leave days or for accruals of leave in excess of that allowed under contract will be treated as earned compensation unless paid on account of termination. When paid as

a result of termination, all payments will be considered as termination pay as defined under 19-4-101(5) MCA.

(2) No service credit shall be awarded for lump sum payments made under contract at the end of the school term or on account of termination. (History: Sec. 19-4-201 MCA; IMP, 19-4-101(8) MCA: Eff. .)

This rule is consistent with the current practice and policies of the Teachers' Retirement Board.

RULE VII CORRECTION OF ERRORS ON CONTRIBUTIONS (1) Corrections of errors may be made by the employer on subsequent monthly reports via a letter of explanation and credit taken or additional payment remitted. Corrections reducing an employee's contributions cannot be accepted if the employee has received a refund. (History: Sec. 19-4-201 MCA; IMP, 19-4-208 MCA; Eff..)

This rule is necessary to establish procedures for correcting errors on contributions made.

RULE VIII REFUND OF EMPLOYER CONTRIBUTIONS MADE ON TERMINATION PAY (1) Employer contributions made under 19-4-101(5) MCA may be refunded to the employer if the member subsequently elects not to use the termination pay in the calculation of average final compensation or does not retire.

(2) The contributions will be refunded when it is determined by the Teachers' Retirement System that the termination pay is not used in the calculation of average final compensation.

(3) To be eligible for a refund of contributions on termination pay, the employer contribution, must have been reported under code 29 on the monthly retirement report. (History: Sec. 19-4-201 MCA; IMP, 19-4-101(5) and 19-4-208 MCA; Eff. .)

This rule will establish procedures for refunding employer contributions made on termination pay, when members elect to receive a lump sum refund in lieu of a monthly retirement benefit. Also, we would refund employer contributions when termination pay is not used in the calculation of average final compensation.

RULE IX FORMULA FOR DETERMINING CONTRIBUTIONS DUE ON TERMINATION PAY (1) The formula for determining the contributions due for option (i) 19-4-101(5) (a) shall be 5.75% times the termination pay, times the total years of creditable service. The member shall pay 2.80% times the termination pay times the total years of creditable service; the employer shall pay 2.95% times the termination pay times the years of creditable service. (History: Sec. 19-4-201 MCA; IMP, 19-4-101(5) MCA; Eff. .)

This rule is necessary to define the employee and employer contributions required under 19-4-101(5) MCA.

Following a brief description of each rule, it was moved by Mr. Corbin to accept the recommendation of the Executive Secretary regarding the proposed new rules and seconded by Mr. Kearns. The motion carried unanimously.

Next the Executive Secretary reviewed proposals to amend existing rules. The following rules were recommended for amendments:

2.44.302 MEMBERSHIP OF SCHOOL NURSES, SPEECH THERAPIST OR SCHOOL PSYCHOLOGIST (1) School nurses, therapists and psychologists hired after July 1, 1987 must be members of ~~this~~ the teachers' retirement system. (History: Sec. 19-4-201 MCA; IMP, 19-4-205 and 19-4-302 MCA; Eff. .)

This rule is being amended to comply with the provisions of Senate Bill 196 to require that school nurses, speech therapists and psychologists hired after July 1, 1987, are required to become members of the Teachers' Retirement System. However, after review with the Board attorney, it was suggested this rule may no longer be necessary and recommended it be added to the list of rules to be repealed. The Executive Secretary then continued with the following rules:

2.44.303 MEMBERSHIP OF PART-TIME AND FEDERALLY PAID EMPLOYEES (1) A non-member, who has not retired from this system and is not teaching under contract on a full-time basis, will be considered an active member after completing 30 days of actual teaching.

~~(2) When a teacher becomes an active member under this rule, employer and employee contributions will be due from the first date of employment.~~

(~~3~~2) The board will decide eligibility for membership of those receiving partial payment in federal funds.

(~~4~~3) Part-time, post graduate instructors in the university system are not eligible for membership. (History: Sec. 19-4-201 MCA; IMP, 19-4-205 and 19-4-302 MCA: Eff. 12/31/72.)

This rule is being amended to comply with the provisions of House Bill 215 which gives substitute teachers the option to belong to Teachers' Retirement on the first day of employment and eliminates the requirement that contributions be made retroactive to the first day of employment.

2.44.401 CALCULATING ~~FRACTIONAL EMPLOYMENT~~ SERVICE CREDITS (1) The ~~fraction of a year credited for substitute work or part-time employment shall be the ratio of the total number of days worked to 180.~~ basic period of time for calculating service credit shall be the school term July 1 through June 30. Service credit in the Montana Teachers' Retirement System shall be based upon the following unless otherwise provided by rule or statute:

(a) nine (9) months or 180 days shall equal 1.0 year service credit for any employment eligible to be qualified under the Teachers' Retirement System.

(b) twelve (12) months or 360 days in a school term shall

equal 1.0 year service credit for military service qualified in the Teachers' Retirement System.

(c) twelve (12) months or 260 days in a fiscal year shall equal 1.0 year service credit for P.E.R.S. service qualified in the Teachers' Retirement System unless the P.E.R.S. service was with a school district in which case nine (9) months or 180 days shall equal 1.0 year service credit.

(2) A member employed part-time during the school term shall receive service credit based on the total full-time equivalent verified by his employer divided by the number of months reported. For the purpose of this subsection, six(6) hours shall be considered one (1) day.

(3) For employees of the university system, where the above criteria is not applicable, part-time service credit shall be awarded by dividing the contracted credit hours taught and compensated for by 45. (History: Sec. 19-4-201 MCA; IMP, Title 19, Chapter 4, Part 4 MCA; Eff. .)

After a brief discussion regarding the number of hours that should be required to be considered one full day, it was the decision of the Retirement Board to change the six hours requirment as drafted by the Executive Secretary to seven hours. The Executive Secretary then continued with:

Rule 2.44.401 is being amended to clarify and define the calculations of service credit in the Teachers' Retirement Act.

2.44.402 CREDIT FOR MILITARY SERVICE (1) For those eligible, military credit will be given for service in World War II from October 1940 through June 1947, and for service in the Korean Conflict from June, 1950 through January, 1955.

(2) Verification of military service should be submitted on form DD 214, or if not applicable, a form which certifies the date of entry into active military duty and the date of separation. A form should be provided for each term of active duty.

(3) The period of time used for crediting military service shall be the fiscal year of July 1 through June 30. Military service shall be credited on the basis of twelve (12) full months of active duty equals one year of creditable service or a proportion thereof, based on the number of full months to twelve (12). A partial month will be credited on the basis of the number of active duty days divided by 360. (History: Sec. 19-4-201 MCA; IMP, 19-4-404 MCA; Eff. 12/31/71.)

This amendment is proposed to define the requirements for qualifying military service under the Teachers' Retirement Act and the basis of calculating service credit.

2.44.404 PARTIAL PURCHASE OF ADDITIONAL CREDIT AT DEATH OR DISABILITY (1) In the event of the death or disability of a member who was in the process of purchasing service credits, his additional service shall be determined by the fraction of the total payment which had been paid at the date of his death or disability.

(2) If the member or anyone acting on his behalf pays the agreed upon balance due prior to the payment of benefits the additional service may be credited to the member's account in full. (History: Sec. 19-4-201 MCA; IMP, 19-4-401 MCA; Eff. .)

This amendment is proposed to allow beneficiary's of a deceased member or disabled member to complete payment for additional service credit they were in the processing of buying. When a members applies for a service retirement benefit we advise him of his rights and obligations to purchase additional service credit and the cost to do so. However, in the case of a death we do not inform the beneficiary of the balance due to purchase additional service.

2.44.405 INTEREST ON NON-PAYMENT FOR ADDITIONAL CREDITS

(1) Interest will be charged on July 1 of each year on the outstanding balance of any amount owed by members for the purchase of additional ~~creist~~ credit.

(2) Interest will not be charged on payments received within one year of eligibility to purchase additional service. (History: Sec. 19-4-201 MCA; IMP, Title 19, Chapter 4, Part 4; Eff. .)

This amendment is proposed to correct a typographical error in this rule and to specify the period of time that a member has to purchase additional service credit before interest is charged.

2.44.503 ELIGIBILITY UNDER FULL SCHOOL - ~~YEAR~~TERM RETIREMENTS

(1) If a member completes and receives credit for a full school term, and is otherwise eligible, he will be first eligible for retirement benefits on the 1st of July following the school term. (History: Sec. 19-4-201 MCA; IMP, 19-4-801, and 19-4-802 MCA; Eff. .)

This proposed amendment will change the word year to term in the title which is consistent with the body of the rule.

2.44.505 ELIGIBILITY FOR SURVIVOR BENEFITS (1) A beneficiary will be first eligible for survivor benefits on the first of the month following the month of the deceased member's death.

(2) A birth certificate or some evidence of his/her birth date is required for each child eligible to receive the child benefit of $100.00 per month. (History: Sec. 19-4-201 MCA; IMP, 19-4-1001 MCA; Eff. 12/31/72.)

This amendment defines requirements for applying for survivor benefits.

2.44.506 BENEFIT PAYMENTS (1) The first benefit will be payable the last day of the month in which the benefit began and future benefits will be payable the last day of each succeeding month.

(2) Monthly benefits will be paid based upon estimated

provide by the Teachers' Retirement System until final salary information and contributions are received.

(3) Adjustments will be retroactive to the retirement effective date. (History: Sec. 19-4-201 MCA; IMP, 19-4-703 MCA; Eff. .)

This amendment is proposed to clarify that the first monthly benefits paid to a member will be based on estimated salaries and will be adjusted retroactive after the final salary information is received from the employer.

2.44.507 PAYMENT OF CHILDREN'S BENEFITS (1) The child's benefit of $100.00 per month will be last payable the month in which he attains age 18.

(2) A birth certificate or some evidence of birth date is required for each child eligible to receive the child benefit of $100.00 per month. (History: Sec. 19-4-201 MCA; IMP, 19-4-1002 MCA; Eff. 12/31/72.)

This amendment is necessary to specify that a birth certificate or some other evidence of birth is required before payments are made to a dependent child.

2.44.509 COMPUTATION OF SALARY EARNED (1) ~~If a member, out of necessity, does not complete the full academic year, he may elect to use his current earnable compensation in determining his average final compensation, provided the full employee contributions have been received on this compensation.~~ The average final compensation of a member who retires or dies during a school or fiscal year, shall be the highest consecutive 36 full months of wages paid for which contributions were received. A member who retires or dies during a month will be allowed to use the 36 full months of wages paid preceding his retirement or death.

(2) Only salaries earned under contract on which contributions have been made can be used to determine the average salary. (History: Sec. 19-4-201 MCA; IMP, Title 19, chapter 4, part 8 MCA; Eff. 12/31/72.)

This amendment defines the period that will be used in the calculation of average final compensation for a member who retires or dies during the school year.

2.44.510 ADJUSTMENT OF BENEFITS (1) A retired member, employed as a teacher in Montana, upon receiving salary or other compensation in an amount in excess of one-~~fourth~~third of his average final compensation, plus normal annual salary increases of the employer that employed the member or one third of the median average final compensation for members retired during the preceding fiscal year shall be removed from retirement beginning the month in which he earns an aggregate amount which is greater than one-~~fourth~~third of ~~his final average compensation~~ the above, and for each month thereafter that he continues to teach.

(2) The employer shall deduct from the member's earnings in

excess of one-~~fourth~~third of his final average compensation or one-third (whichever is greater) of the median average finals compensation, an amount determined by the current rate of employee contribution~~,-but-no-employer-shall-make-deductions-for any-member-who-has-rendered-at-least-35-years-of-service-if-such member-elects-not-to-contribute~~. The employer shall also pay an amount based on the member's earnings in excess of the greater of one-~~fourth~~third of his ~~final-average~~ average final compensation or one-third of the median salary of those members retired during the preceding fiscal year at ~~and~~ the ~~then~~ current rate of employer contribution. (History: Sec. 19-4-201 MCA; IMP, 19-4-804 MCA; Eff. 7/1/83.)

This amendment is necessary to bring this rule into compliance with statutory changes made during the 1983 Legislative Session.

After a brief discussion of each proposed amendment, it was moved by Mr. Corbin to adopt the recommendations of the Executive Secretary and delete Rule 2.44.302 and to propose that seven hours equal one full day. The motion was seconded by Mr. Ryan and carried unanimously.

Next the Executive Secretary recommended the following ruled be deleted:

2.44.301 MEMBERSHIP ELECTION (1) Any retired member who is reemployed as a teacher under contract on a full-time basis shall elect, on the date of his reemployment, whether to become an active member as defined in 19-4-302, MCA. (History: Sec. 19-4-201 MCA; IMP, 19-4-302 MCA; Eff. 12/31/72.)

2.44.501 GENERAL ELIGIBILITY DATE (1) A member will be first eligible for retirement benefits on the first of the month following the month in which he attains age 60. (History: Sec. 19-4-201 MCA; IMP, Title 19, chapter 4, part 8 MCA; Eff. 12/31/72.)

2.44.508 NON - AVAILABILITY OF DISABILITY BENEFITS (1) N o member will be eligible for disability benefits attaining age 60. (History: Sec. 19-4-201 MCA; IMP, 19-4-801 and 19-4-901 MCA; Eff. 12/31/72.)

After a brief discussion, it was moved by Mr. Argenbright to repeal the rules as recommended by the Executive Secretary with the addition of 2.44.302. The motion was seconded by Mr. Kearns and carried unanimously.

The next item on the agenda was Authorization for Staff to Purchase Surplus Property. The Executive Secretary explained that he had received a resolution from the Property and Supply Bureau requesting authorized signatures of employees who would be eligible to purchase surplus property on behalf of the division. Mr. Ryan moved that the Executive Secretary be approved to authorize any employees of the division to sign for surplus property. The motion was seconded by Mr. Kearns and passed unanimously.

The next item was any other new business. The Executive Secretary stated that under the provisions of the Fair Labor Standard Act and the administrative rules of the State of Montana, employees in a non-exempt status, which are those employees that are eligible for cash overtime payments, may be authorized to receive comp time at the rate of 1½ times the number of hours worked in lieu of cash payment. He stated that under these provisions he had authorized the accrual of comp time to employees during the fiscal year end process and had drafted a formal policy which was being presented today for the Boards review and approval. After a brief discussion, Mr. Kearns moved to adopt the policy as presented by the Executive Secretary. The motion was seconded by Mrs. Egli. The motion carried 5/1 with Mr. Ryan voting no.

At this point in the meeting Chairman Burke excused himself and Vice Chairman Corbin took over the meeting.

Before Mr. Burke left he requested the Board set a date for the next meeting of the Teachers' Retirement Board. After a brief discussion, the meeting date was set for October 23, 1987, subject to the call of Chairman Burke.

Mr. Corbin asked what the performance appraisal procedures were within state government or if any procedures had been established. The Executive Secretary explained that procedures were in effect and in use for all staff members of the Teachers' Retirement Division. He further stated that nothing had been formally written for the Executive Secretary at this time. Vice Chairman Corbin then directed the Executive Secretary to prepare a performance appraisal in accordance with the procedures established by the Department of Administration to be presented at the next regular meeting of the Teachers' Retirement Board.

The next item of business was approval of applications and benefits. After a brief discussion Mr. Kearns moved that the regular retirements, survivorships and adjustments be approved. Mr. Argenbright seconded the motion and the motion carried unanimously.

Mr. Corbin then directed the Board to the disability applications. The first applicant was Jerel S. Barnhart. After a brief discussion, Mr. Kearns moved for approval of Mr. Barnhart's application. The motion was seconded by Mr. Argenbright and carried unanimously.

Next the application of Donald J. Lahr was reviewed. Mr. Argenbright moved that it be approved. Mr. Ryan seconded the motion which carried unanimously.

The disability application of Damaris Boerschinger was moved by Mr. Ryan to approve the application and seconded by Mr. Kearns. The motion carried unanimously.

The Board reviewed the application of Hazel E. Lucas. Mr.

Kearns moved the application be approved. Mr. Argenbright seconded the motion which carried unanimously.

The last disability application reviewed was that of Stephen H. Sabol. After a brief discussion, Mr. Argenbright moved for approval, seconded by Mr. Kearns and the motion carried unanimously.

Following the disability reviews the Vice Chairman suggested that a meeting with Teachers' Retirement System staff be planned as part of the next Retirement Board meeting. Mr. Ryan moved that a meeting with the staff be added to the agenda for the next meeting. The motion was seconded by Mr. Kearns and carried unanimously.

Mr. Kearns then moved the meeting be adjourned which was seconded by Mr. Ryan and passed unanimously.

James Burke

James Burke, Chairman

David L. Senn

David L. Senn
Executive Secretary

DLS:dlh

Minutes of Conference Call
on July 16, 1987

The conference call of the Teachers' Retirement Board was called to order by Chairman Burke at 1:30 p.m. Those participating were:

Jim Burke, Chairman
LeRoy Corbin, Vice Chairman
Tom Ryan, Board Member
Bill Kearns, Board Member
Ed Argenbright, Board Member
Virginia Egli, Board Member
David L. Senn, Executive Secretary

Chairman Burke stated the purpose of the conference call was to discuss the recommendations of the committee appointed to review the office automation proposal made by the Executive Secretary. After the Executive Secretary had briefly outlined the proposal made to the Retirement Board during their July 9, 1987, Board Meeting, the Chairman asked the Committee for their recommendation. Each of the committee members, Ed Argenbright, Tom Ryan and Bill Kearns stated that they supported the proposal made by the Executive Secretary and recommended approval. Tom Ryan moved to purchase the office automation equipment as outlined, funded through the Minnie Fullum Fund with a maximum authorization of $32,000. The motion was seconded by Mr. Kearns and passed unanimously.

Before the conference call was adjourned. The Executive Secretary asked if the Board Meeting scheduled for October 23 could be moved to October 22 to accommodate a scheduling conflict of Mr. Kearns. There being no objections, the Chairman moved the meeting of the Teachers' Retirement Board to the 22nd of October.

At 1:45 p.m. the conference call was adjourned.

James Burke
James Burke, Chairman

David L. Senn
David L. Senn
Executive Secretary

DLS:dlh

# EXECUTIVE SECRETARY'S REPORT

## July 9, 1987

As we wind down fiscal year 1987, I believe the budget will be very close. As of the end of May 1987, we projected a deficit at year end of $3,801.00. We will make up this deficit by not microfilming old records and through vacancy saving. However, these are not the first cuts we have been forced to make this year. We have cut back in many areas throughout the year. The following is a list of some of the cuts that have been made:

| Items Cut | Budgeted Amount |
|---|---|
| Part-time position left vacant | $7,100.00 |
| Records not microfilmed | $2,500.00 |
| Have not ordered supplies for the last 2 months | $1,000.00 |
| Reductions in travel | $3,100.00 |

The Teachers' Retirement System Handbook has been completed and should be ready for distribution by the end of July. In rewriting the handbook, I solicited the help of the staff, board attorney, members of the system and people not associated with the retirement system. A special thanks goes out to Al Fiscus, professor at MSU, for his help and assistance. His comments as a member of the system were of great benefit to me in rewriting this handbook.

We have not received any response from School District #2 Yellowstone County to pay the interest on employee contributions that had not been reported. It is the opinion of the Board's attorney that there is nothing that can be done to force the School District to pay the interest. Therefore, before members can receive service credit for the time not reported, they must pay the employee contributions plus interest the contributions would have earned had they been on deposit. The School District has agreed to pay the employer contributions plus interest after the employee has paid their share.

The Systems Development project is coming to an end. The year end actuarial reports and processes are nearly complete. This year the annual statements will include the name of the beneficiary, when available, which I anticipate will generate a number of changes. In addition to the regular reports of the actuary will be completing, I will be asking him to review the impact free Viet Nam service and termination pay has had on the retirement system.

In the last six months termination pay has become quite an issue with the school districts as well as prospective retirees. In Great Falls there is rumor a law suit may be filed to require the district to make their contributions under option I. To date the school district has maintained that they have not refused to pay their contributions under option I, but have included them in the total package offered to retiring members. In other words, a

member retiring and receiving $10,000 in termination pay would receive the $10,000 regardless of the option he selected I, II, or III. This would mean that the salary used for the purposes of calculating retirement benefits would be different under each option with the balance of the $10,000 being employer contributions. It appears to me that three options currently available to members cause a great deal of stress, frustration, hard feelings and budget problems for all concerned. I plan to try to meet with those concerned later this fall and hopefully find a solution that is agreeable to all. My concern is that we find something that can be administered and fully funds the retirement system.

In April I met with the Retired Teachers in Lewistown and Missoula. They were concerned with the financial conditions of the retirement system and the possibility of future cost of living adjustments. I will be meeting with the Association of Retired Teachers this fall to discuss plans for future legislation to provide a cost of living increase and hopefully find ways to fund this adjustment.

In May the Board of Investment reviewed the possibility of investing in Venture Capital Company. Although a motion was made to invest five million dollars from the retirement funds in a venture capital company, no decision was made at that meeting but was postponed until their June meeting. Because of this Bill Kearns asked that I arrange a meeting between Larry Nachtsheim, Administrator of PERS, and local PERS Board Members that would be interested in attending. Bill Kearns, Tom Ryan and myself met with Larry Nachtsheim, John Prebil, Bob Batista and Mike Muszkiewicz, from PERS. We discussed the need for a thorough review before any retirement funds were invested in venture capital and the results of this review be shared with the retirement boards. At the end of the meeting it was concluded a letter should be sent to the Chairman of the Board of Investments asking that any action be postponed until a study had been completed and the results of the study reviewed with the retirement boards. Attached is a copy of the letter that was sent on behalf of the Teachers' Retirement Board. A similar letter was also sent by the Public Employees' Retirement Board.

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - MARCH 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Miller, James D. | 03-01-87 | Silver Bow | 30.47 | $1,193.42 | 56 |
| Jones, C. Burrell | 07-01-86 | Big Horn | 27.22 | 753.97 | 70 |

## SURVIVOR APPLICATIONS - MARCH 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Allen, William J. | 02-01-87 | Beaverhead | 13.38 | $293.81 | 49 |
| Survivor of Donna M. Allen | | | | | 53 |

## ADJUSTMENTS - MARCH 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Altmaier, Thomas J. | 07-01-86 | $1,147.91 | $1,127.73 |
| Adjustment due to the use of wrong factor. | | | |
| Bartholomew, Margaret | 07-01-86 | 932.36 | 930.86 |
| Adjustment to reflect the use of actual salary. | | | |
| Behan, Mark | 09-01-86 | 2,045.52 | 1,987.59 |
| Adjustment to reflect the use of correct summer earnings. | | | |
| Bleken, Margaret | 07-01-86 | 465.77 | 464.91 |
| Adjustment to reflect the use of actual salary. | | | |
| Bronson, Lorraine | 07-01-86 | 452.72 | 454.53 |
| Adjustment to reflect the use of actual salary. | | | |
| Catlin, Jack E. | 02-01-87 | 2,232.61 | 2,233.01 |
| Adjustment to reflect use of actual termination pay. | | | |
| Clague, Claudia | 11-01-86 | 1,320.80 | 1,329.57 |
| Adjustment to reflect the use of additional salary and actual service reported. | | | |
| Clement, Richard C. | 07-01-86 | 1,533.55 | 1,536.82 |
| Adjustment to reflect the use of additional earnings. | | | |
| Lewton, Angela | 03-01-87 | 307.17 | 307.17 |
| Change in option due to divorce (Opt. 4E to Opt. 4). | | | |

ADJUSTMENTS - MARCH 1987 (Continued)

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Markell, Virginia | 03-01-87 | 1,220.21 | 1,057.80 |
| Change in option due to death (Opt. 2A to Opt. 2B). | | | |
| Peters, Kathleen | 07-01-86 | 335.42 | 317.02 |
| Adjustment to reflect the use of correct option. | | | |
| Roberts, Victor R. | 02-01-87 | 525.71 | 544.93 |
| Adjustment to reflect the use of actual salary. | | | |
| Varnum, John P. | 09-01-86 | 1,240.91 | 1,244.42 |
| Adjustment to reflect the use of actual summer earnings. | | | |

RETIREMENT APPLICATIONS - APRIL 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Burger, Jack L. | 04-01-87 | Vested Right | 6.00 | $ 130.84 | 60 |
| Cunneen, William J. | 04-01-87 | State Dept. | 28.52 | 1,368.00 | 60 |
| Keef, James L. | 04-01-87 | Vested Right | 21.24 | 434.26 | 50 |
| Leavitt, Clawson L. | 04-01-87 | Yellowstone | 17.69 | 669.87 | 62 |
| Lewis, Delmar R. | 08-01-85 | Vested Right | 15.00 | 292.52 | 60 |

ADJUSTMENTS - APRIL 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Durkin, Edward F. | 07-01-86 | $1,004.74 | $1,003.33 |
| Adjustment to reflect the use of correct salary. | | | |
| Hunt, John J. | 07-01-86 | 1,968.55 | 1,979.30 |
| Adjustment to reflect the use of actual salary for 1985-86. | | | |
| Kildahl, Marvin K. | 07-01-86 | 2,045.00 | 2,052.44 |
| Adjustment to reflect the use of additional salary. | | | |
| McDowell, Viola M. | 07-01-86 | 760.15 | 766.27 |
| Adjustment to reflect the use of actual salary. | | | |
| Tombre, Ruth | 07-01-86 | 1,191.12 | 1,189.61 |
| Adjustment to reflect the use of three highest consecutive salaries. | | | |

RETIREMENT APPLICATIONS - MAY 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Sletten, Lois B. | 12-01-85 | Vested Right | 22.84 | $ 464.74 | 60 |

ADJUSTMENTS - MAY 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| George, Carra B. | 07-01-86 | $ 939.27 | $ 937.57 |
| Adjustment to reflect the use of actual salary. | | | |
| Hackney, Wayne B. | 07-01-86 | 1,181.03 | 1,169.92 |
| Adjustment to reflect the use of actual salary. | | | |
| Hamman, Alice | 07-01-86 | 1,081.23 | 1,085.16 |
| Adjustment to reflect additional salary for 1985-86. | | | |
| Hart, Donna | 07-01-86 | 111.94 | 120.98 |
| Adjustment to reflect the correct service and salary. | | | |
| Ironhawk, Julia C. | 07-01-86 | 133.38 | 124.86 |
| Adjustment to reflect the use of correct term pay of $0.00. | | | |
| Kimberley, Bervyl | 07-01-86 | 1,304.55 | 1,305.89 |
| Adjustment to reflect actual salary for 1985-86. | | | |
| Manthie, Charlotte | 07-01-86 | 797.99 | 796.60 |
| Adjustment to reflect actual salary for 1985-86. | | | |
| Merley, Richards | 07-01-86 | 1,471.97 | 1,491.02 |
| Adjustment to reflect the use of summer salary. | | | |
| Perry, Thomas C. | 07-01-86 | 701.62 | 703.26 |
| Adjustment to reflect the use of additional earnings. | | | |
| Rhode, Harold T. | 07-01-86 | 501.24 | 498.44 |
| Adjustment to reflect the use of actual salary. | | | |
| Robinett, Clarence L. | 01-01-87 | 1,606.96 | 1,595.65 |
| Adjustment to reflect the use of correct actuarial factor for age difference. | | | |
| Swenson, Constance | 07-01-86 | 179.63 | 183.09 |
| Adjustment to reflect the use of additional salary for 1985-86. | | | |
| Woodhull, James F. | 07-01-86 | 1,170.88 | 1,174.17 |
| Adjustment to reflect the use of additional earnings. | | | |

RETIREMENT APPLICATIONS - JUNE 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Bowers, Richard C. | 06-01-87 | Vested Right | 7.00 | $ 471.13 | 60 |

ADJUSTMENTS - JUNE 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Johnson, Glen | 07-01-74 | $ 654.74 | $ 668.73 |

Adjustment to reflect the purchase of private teaching service.

# TEACHERS' RETIREMENT BOARD MEETING

## NOVEMBER 16, 1987

Chairman Burke called the meeting to order at 9:00 a.m.

Those in attendance were:
Jim Burke, Chairman
LeRoy Corbin, Vice-Chairman
J. William Kearns, Jr., Board Member
Virginia Egli, Board Member
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Chief Legal Counsel

Chairman Burke noted Mr. Ray Shackleford was attending on behalf of Mr. Argenbright and that Tom Ryan had not yet arrived but was expected.

Approval of the minutes of July 9, 1987 and the conference of July 16, 1987. Mr. Kearns moved approval of the minutes of July 9, 1987, Mr. Corbin seconded the motion and the motion carried unanimously. Mr. Corbin then moved approval of the conference call minutes. Mr. Kearns seconded the motion which carried unanimously.

Financial statement, budget report and investment report. Dave Lewis was scheduled to meet with the Board at 9:15 a.m. to review the administrative charges by the Board of Investments but was called to jury duty and unable to attend. The Chairman directed the Executive Secretary to schedule a meeting with Mr. Lewis to discuss the administrative charges. He asked all Board members who could make the meeting to attend and that a copy of the transcript of the meeting be sent to each Board member.

The Assistant Executive Secretary then reviewed the delinquent mortgage report. Mr. Kearns commented that for the first time we can expect to see a loss on the mortgage portfolio. Mr. Corbin then moved for acceptance of the financial statement, budget report and investment report. Mr. Kearns seconded the motion which passed unanimously.

Executive Secretary's report. The Executive Secretary briefly reviewed the report. The Board was concerned with the continued interest of non-profit private entities in becoming members of the Teachers' Retirement System. The Chairman directed the Executive Secretary to write the IRS asking what effect, if any, inclusion of private non-profit entities would have on the qualifications of the Teachers' Retirement System and would the Teachers' Retirement System be required to comply with the requirements imposed upon private pension plans. Mr. Corbin then moved to accept the Executive Secretary Report. Mr. Kearns seconded the motion which passed unanimously.

Administrative Rules. Beda Lovitt reported a public hearing was held on October 19, 1987. Tom Bilodeau, MEA, was the only attendee. She stated a notice of adoption had been prepared for approval by the Board omitting Rule No. 5. The statutory authority to adopt this rule has been questioned and recommended the rule not be adopted at this time. Mr. Kearns moved the rules presented be adopted, omitting No. 5. The motion was seconded by Mrs. Egli and passed unanimously.

At this point Mr. Ryan joined the meeting.

School District No. 2, Billings. The Chairman noted we had received a letter from Emilie Loring, representing MEA, requesting the interest due on employee contributions not reported by School District No. 2, Billings, under the Head Start Program from 1966 through 1969, be waived. The Executive Secretary stated there were 37 members that had not been reported, which would require contributions of approximately $10,000.00 and interest through July 1, 1987 of approximately $17,400.00. Of the 37 members not originally reported, 19 were no longer members, 10 had retired and 8 were current members. The Chairman stated he felt the school district had made the original error and the interest due on employee and employer contributions was their responsibility. Mr. Bilodeau of MEA stated the error had been discovered in 1981 and it was not fair to now require that members pay interest in 1987 when no demand had been made in 1981. Beda Lovitt stated the statute of limitations had ran and School District #2, Billings could no longer be compelled to pay the interest due on the employee contributions not reported. Mr. Corbin moved, that given the long standing of this case with very confusing circumstances; the Board's policy the employer be responsible for paying all interest due on contributions not reported and the fact the statute of limitations has ran, the interest be waived and any interest already paid be refunded to the members. The motion was seconded by Mr. Kearns. After a brief discussion Mr. Corbin amended his motion to require the contributions due be paid in full within three years. Mr. Corbin explained members would have a three year grace period in which to pay the contributions due without accruing interest. The amended motion was seconded by Mr. Kearns and passed unanimously.

Performance Appraisal. The Executive Secretary explained he had prepared a draft performance appraisal for his position and explained the performance appraisal policy and procedures of the Department of Administration. He recommended the Board adopt the policy established by the Department. After a brief discussion, the Chairman asked the members of the Board to review the draft performance appraisal as presented and be prepared to establish a performance appraisal for the Executive Secretary at the next scheduled meeting.

NCTR Convention Report. Mr. James Burke and David Senn attended the NCTR National Convention in Naples, Florida, October 5th through the 9th. Mr. Burke reported on the workshops he attended and the general sessions held each morning. He stated the workshops covered investments, cash flow problems, communications with members and the use of personal computers to account for members accounts. He stated the program was very educational and informative. The Executive Secretary reported on the workshops attended and made further comments on the general sessions. The Board asked many questions and reviewed the conference program at some length.

Any other old business. The Chairman asked if there was any other old business to address. The Executive Secretary suggested Mr. Ray Shackleford comment on the state lottery, how much they expected to collect, how the funds will be distributed to the school districts and what the average school district may expect? Mr. Shackleford stated he did not have any current projections to work with at this time but based upon the calculations made during the session, it was projected that those counties who would receive funds may receive as much as $50.00 per teacher. He explained only counties who are leveling up to the maximum 9 mills will receive any money from the lottery. The lottery monies received must be deposited in the County's retirement fund. He explained the retirement fund was a fund of about 47 million dollars and the lottery revenue distributed to the counties would help fund expenditures made for PERS, Social Security, TRS and Workers Comp. The retirement fund is a mandated county levy.

NEW BUSINESS

1985 W-2P's. The Executive Secretary explained that in 1985 there was an error in the W-2P's printed by the Teachers' Retirement System. This error was a result of not zeroing the 1984 FIT withholding fields at the beginning of calendar year 1985. The W-2P's were reprinted before distributed to retirees. In August 1987, we received notification from the Internal Revenue Service that their records for deposits of federal taxes withheld did not agree with the amounts reported on the 1985 W-2P's. After an extensive manual reconciliation of the W-2P's filed for 1985 and the monthly deposit records for federal income tax withheld, only three W-2P's were found to be in error. After a brief discussion the Chairman asked the Executive Secretary to keep the Board informed of any future developments.

Joan McCracken. The Executive Secretary reviewed the file of Mrs. McCracken who, in 1987, requested to purchase her teaching service in the Philippines during the 1953-54 school year under the out-of-state provisions of the Teachers' Retirement Act. She had been unable to provide certification of her employment through the school or the Department of Defense and had submitted a letter from a colleague and social security earning statements as supporting documentation. The documentation was vague and it

was not possible to accurately determine the number of hours taught per day. Based on this documentation, the Executive Secretary determined she was eligible to purchase .92 years service credit. Mrs. McCracken felt this was unfair and she is requesting she be allowed to purchase one full year service credit based on the fact she worked a full school day as required and the documentation did not address the amount of time spent in preparation for class. Mr. Kearns moved Mrs. McCracken be allowed to purchase one year service credit for the time in question. Mr. Corbin seconded the motion which passed unanimously.

Signature authorization. The Executive Secretary asked the Board to authorize the signature of Marie McMurray to sign administrative claims in the absence of the Assistant Executive Secretary or the Executive Secretary. Mr. Corbin moved to authorize the signature of Marie McMurray on all claims. The motion was seconded by Mr. Ryan and passed unanimously.

Marie McMurray
Signature

NCPERS Convention. The Chairman asked for nominations to attend the NCPERS Convention April 10th through the 14th 1988. Mr. Corbin moved Bill Kearns and Mary Harrington be authorized to represent the Montana Teachers' Retirement System at the 1988 Convention. Mrs Egli seconded the motion which passed unanimously. A short discussion ensued regarding the number of Board members budgeted to attend national conventions. It was the feeling of the Board that they received very little training, education or national exposure regarding Teachers retirement and they would like to see more Board members attend the meetings in the future. The Chairman then directed the Executive Secretary to include in the next biennial budget sufficient funding for four Board members to attend national conventions.

The meeting was recessed for lunch at 12:00 p.m.

The meeting was called back to order at 1:00 p.m.

The first item of business was any other new business. Mr. Corbin stated he would like to have someone check into the possibility of making Teachers' Retirement funds available for the development of a retirement home for retired teachers. The Board discussed the suggestion and concluded there may not be enough interest and without federal assistance, given the new tax laws such an investment may not be profitable.

Alton Hendrickson, Consulting Actuary. At this point Mr. Hendrickson joined the meeting to review the 1987 Actuarial Valuation. He stated the system had made gains toward the amortization of the unfunded liability and he felt the system was in excellent shape. He explained the Valuation and answered

questions of the Board. He stated that, as part of his actuarial valuation, the assumptions were reviewed and compared with past and projected experience. While he found no significant changes which would warrant a modification of the actuarial assumptions a change has been made in the basis for disability rates. The new basis is the 1983 disability table as published in the transactions of the Society of Actuaries Volume XXXV. As part of his report, he recommended the Board adopt new optional retirement factors based upon the 1983 group annuity at 8%. He felt the table more accurately reflects the current mortality rates and investment earnings. Next he stated the Executive Secretary had requested he review the cost of granting Viet Nam service and to review whether the formula used to calculate the cost when termination pay is used in the calculation of benefits is adequate. Mr. Hendrickson explained when the legislation granting credit for Viet Nam service in 1981 was passed, the employer contribution rate was increased to provide the additional funding required. At that time the additional funding was based on the assumption that 300 individuals would receive credit for Viet Nam service and the average credit would be 2.5 years. He stated the actual cost at this time appears to be in line with the projected funding. He stated the formula being used to compensate the system for additional benefits provided by termination pay was 5.75% of termination pay for each year of service credited. The formula has worked well but some underfunding is arising from members who retire at younger ages. Early retirements had not been anticipated at the time the original formula was devised. In order to charge equitable rates for members retiring at younger ages he recommended the percentage of 5.75% be replaced with variable rates depending upon the age at retirement. His last recommendation was that an experience study of the Teachers' Retirement System be done to compare the actuarial assumptions with what has actually happened over a period of time. The Chairman directed the Executive Secretary to include in the next biennial budget sufficient funding to complete an experience study.

Mr. Corbin asked Mr. Hendrickson what the cost would be to increase the child benefit from $100.00 to $200.00 per month. Mr. Hendrickson responded the cost would be negligible.

Mr Kearns moved to adopt the retirement option table, as recommended by the actuary, effective January 1, 1988. Mr. Ryan seconded the motion which passed unanimously.

Mr. Kearns then moved the variable rate table for determining the cost when termination pay is used in the calculation of benefits be noticed through the administrative rule procedures and adopted by the Board. Mr. Ryan seconded the motion which passed unanimously.

Mr. Corbin moved to seek legislation to raise the child benefit from $100.00 per month to $200.00 per month. Mr. Kearns seconded

the motion which carried unanimously.

Mr. Kearns then moved to review the feasibility of future legislation to use career average salary in the calculation of benefits and to change the retirement formula so there is no reduction in the average retirement benefit. Mr. Kearns explained the purpose of this legislation would be to reduce the cost to the system of negotiated excessive salary increases in the final years before retirement. The motion was seconded by Mr. Ryan and passed unanimously.

Mr. Kearns then moved legislation be considered to limit increases in the yearly salary used in the calculation of final salary to 10% of the previous year. Again Mr. Kearns explained the purpose of this legislation would be reduce the cost to the Teachers' Retirement System of large salary increases in the final years before retirement. Mr. Ryan seconded the motion which passed unanimously.

The Chairman then asked for a motion to accept the 1987 Actuarial Valuation. Mr. Ryan moved to accept the Valuation. Mr. Corbin seconded the motion which carried unanimously. The Chairman thanked Mr. Hendrickson for his presentation and he left the meeting.

Any other new business. The Assistant Executive Secretary presented a request from Mr. Ralph Soroos, who retired in 1972 and elected to receive benefits from his tax sheltered annuity account at a set amount each month until totally distributed. During conversion of his account to the computer system in 1974, one year of payments was missed and he has been overpaid $1,163.77. Mr. Soroos has stated he is willing to repay the benefits overpaid but has requested the Board reduce the repayment by the additional federal income taxes of $84.00 which he has paid during 1986. Mrs. Harrington stated Mr. Soroos would be receiving a corrected 1986 W-2P and he could file an amended return to recover the additional federal income taxes paid. After a brief discussion, Mr. Corbin moved to approve the request. Mr. Ryan seconded the motion which passed unanimously.

Regular retirement, survivors and adjustments. The Board briefly reviewed the regular retirement, survivorship and adjustments as presented. Mr. Corbin moved approval. The motion was seconded by Mr. Kearns and carried unanimously.

The next item of business was the disability applications. The first applicant was Ronald P. Keim. After a brief discussion, Mr. Ryan moved approval of the application of Mr. Keim. Mr. Corbin seconded the motion which carried unanimously. The next applicant was Raymond R. Kovash. Mr. Kearns moved approval of the application. Mr. Ryan seconded the motion which carried unanimously. The last application reviewed was that of Carol J.

Morris. Mr. Kearns moved for approval. Mrs. Egli seconded the motion and it carried unanimously.

The last item of business was the setting of the next meeting date. It was agreed the next meeting would be held at 9:00 a.m. on Friday February 19, 1988.

Mr. Kearns then moved the meeting be adjourned, motion seconded by Mr. Corbin and passed unanimously.

James Burke, Chairman

David L. Senn
Executive Secretary

# EXECUTIVE SECRETARY'S REPORT

November 4, 1987

In July I met with Richard Bourke, President of Development Corporation of Montana (DCM). DCM invests in and advises businesses headquartered in Montana or in institutions where business growth will take place in Montana. The Montana Teachers' Retirement System is a shareholder in this corporation, with an investment of approximately $160,000.00. DCM is looking to attract some of the Venture Capital funds that will be available in the future.

At the invitation of the Montana Association of School Business Officials, Mary and I attended a meeting with representatives of the Montana Education Association, Montana Association of School Administrators and the Montana High School Association. We discussed the following topics concerning the Teachers' Retirement System and agreed to work together in reaching our solutions:

1. Post-Retirement Adjustments for Retirees (COLA)
2. Excessive Salary Adjustments in the Last Year of Employment
3. Teachers' Aides
4. Membership in the Teachers' Retirement System for the Executive Officers of their Organizations

On September 26th, I met with the MEA retirement committee. In preparation for this meeting, I was provided with a list of 11 questions and topics, which they asked that I be prepared to discuss. The questions and topics covered; the 1987 Legislative Session and its implications on the Teachers' Retirement System, cost of living adjustments, administrative rules, Billings school districts refusal to pay all employer contributions and employee interest, termination pay, retirement portability, communication with members and employers, and a brief overview of the Teachers' Retirement Fund and our operating budget.

Mary and I have spent a considerable amount of time traveling during the last few months. Mary went to Chinook with Larry Nachtsheim, Administrator of the Public Employees' Retirement Division, where they spoke to the certified and non-certified staff on TRS, PERS and Social Security. Mary also met with the Great Falls Public teachers and conducted a workshop during the MFT convention in Butte. In October, Mary attended an executive committee meeting of the NCPERS in Palm Springs, where they made final arrangements for the April 1988 convention. I traveled to St. Regis where I spoke with members of the Teachers' Retirement System, participated on a panel at the state retired teachers convention in Butte and conducted a workshop during the MEA

convention in Billings. While in Billings, I met with Jim Lusk and Suzie Schaffer of Retirement Nationwide. They were the presenters at a workshop entitled "Maximizing Your Pension". Their company offers a life insurance policy to members that will pay a lifetime monthly benefit to the beneficiary upon their death. The cost is about the difference between Normal Form and Option A and the policy is generally paid up in ten years. During the week of October 19th, I participated in presentations on the optional retirement plan on the campuses in Bozeman, Butte, and Missoula.

In September I met with James C. Whaley, Architectural and Engineering Division, to discuss the Teachers' Retirement parking lot. We agreed to post a sign at each entrance, which will read "Teachers' Retirement and Visitor Parking Only". In addition, "Teachers' Retirement Parking" will be stenciled on the curb stops for the 19 most westerly parking stalls. The existing post mount signs will be removed.

The NCTR asked that I send letters to Max Baucus, Pat Williams and Ron Marlenee regarding the 70½ distribution rule, which was included in the Tax Reform Act of 1986. The provisions of this rule would create a situation whereby an individual who has reached age 70½ and continues to work will simultaneously; 1) collect a salary, 2) collect a retirement benefit and 3) accrue additional retirement benefits. We asked they support an amendment to the technical correction Bill to exempt public employee pension plans from this requirement. This amendment has been included in the technical correction bill of both the House and Senate.

Dianna Hultman, Secretary, left the Teachers' Retirement System in August and Marie McMurray was promoted to the secretarial position. Janet Hatcher was hired to fill the accounting clerk position vacated by Marie. Also, I have reorganized some of the positions within the office. The primary duties of the file clerk position, which was reduced to a .4 FTE during the 1985-86 budget cuts, have been reassigned to Jean Boucher, Donovan Schmidt and Monica Miller. The correspondence, telephone calls and members visiting the office have more than tripled over the last few years. To help with this increased volume, Marjorie Rowley has been assigned to assist with the calculation of retirement estimates and the cost to qualify additional service. Marjorie is only going to be able to provide some assistance in these areas because we do not have the budget to purchase the equipment that is necessary for her to do the entire job. Sharon McCabe has been assigned the responsibilities for review and preparation of the budget and the Biannual Report and Karla Rinehart has been given some additional responsibilities for correspondence and calculation of benefits. We all will be assuming some additional typing responsibilities with the installation of the P.C.'s. I hope to make further reassignments of

the daily functions so that I and the assistant executive secretary will have the time to work on such projects as post retirement adjustments, termination pay abuse, membership eligibility, publications and on site local presentations.

Annual Statements were mailed the middle of August and new Handbooks the week of October 19. I have received many good responses regarding both.

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - JULY 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Adkins, John S. | 07-01-87 | Richards | 28.00 | $1,719.46 | 50 |
| Algeo, Hazel | 07-01-87 | Judith Basin | 20.00 | 408.46 | 68 |
| Andersen, Hugo | 07-01-87 | Hill | 25.00 | 1,645.05 | 47 |
| Anderson, Grover | 07-01-87 | Gallatin | 27.87 | 1,075.87 | 57 |
| Anderson, Kathryn | 07-01-87 | Yellowstone | 30.00 | 1,403.82 | 61 |
| Arvin, Willian F. | 07-01-87 | Hill | 40.00 | 1,514.87 | 61 |
| Ashby, A. Lucille | 07-01-87 | Missoula | 27.00 | 1,210.26 | 58 |
| Bartocher, Philip | 07-01-87 | Missoula | 36.33 | 1,838.24 | 61 |
| Bellard, William R. | 07-01-87 | U of M | 35.83 | 1,925.06 | 61 |
| Banks, Shirley | 07-01-87 | Madison | 32.00 | 881.50 | 60 |
| Banning, Margaret | 07-01-87 | FVCC | 27.67 | 1,379.28 | 65 |
| Bauer, Mouriel | 07-01-87 | Cascade | 17.00 | 608.51 | 61 |
| Beagle, Clarence | 07-01-87 | Missoula | 37.33 | 2,400.80 | 62 |
| Bedell, Frank W. | 07-01-87 | Ravalli | 32.00 | 1,554.10 | 55 |
| Bennett, Greg | 07-01-87 | Lake | 28.25 | 1,143.29 | 54 |
| Bennett, William W. | 07-01-87 | Lewis & Clark | 32.92 | 1,053.19 | 57 |
| Berquist, Eddie | 07-01-87 | Sweet Grass | 29.00 | 1,067.35 | 53 |
| Bissell, Bernard | 07-01-87 | Teton | 28.00 | 1,197.87 | 51 |
| Black, Amy A. | 07-01-87 | NMC | 20.00 | 775.21 | 62 |
| Black, Glenn | 07-01-87 | MSU | 25.36 | 1,110.63 | 48 |
| Bolen, Robert | 07-01-87 | Rosebud | 25.00 | 1,530.72 | 47 |
| Box, Sara | 07-01-87 | Cascade | 28.17 | 1,222.37 | 51 |
| Boyle, Ed H. | 07-01-87 | Silver Bow | 22.17 | 928.10 | 62 |
| Brand, Joyce M. | 07-01-87 | Lincoln | 26.00 | 1,103.25 | 46 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Brenden, Orval | 07-01-87 | NMC | 32.25 | 1,390.49 | 62 |
| Bridgeford, Jeanette | 07-01-87 | Cascade | 35.73 | 1,312.82 | 59 |
| Brown, Fred | 07-01-87 | Lincoln | 35.00 | 1,161.00 | 58 |
| Brownson, E. James | 07-01-87 | NMC | 37.00 | 1,632.43 | 67 |
| Bryson, Cynthia | 07-01-87 | NMC | 32.00 | 1,917.48 | 53 |
| Bryson, Mary | 07-01-87 | MSU | 23.76 | 629.29 | 65 |
| Burgess, Dorothy M. | 07-01-87 | Missoula | 26.34 | 803.10 | 60 |
| Burris, Martin | 07-01-87 | MSU | 30.58 | 1,922.50 | 60 |
| Cameron, Delpha | 07-01-87 | Missoula | 8.00 | 393.00 | 62 |
| Carroll, Patricia | 07-01-87 | Fergus | 33.00 | 966.14 | 53 |
| Carter, Ted | 07-01-87 | Gallatin | 27.11 | 1,303.85 | 52 |
| Chigbrow, Barbara | 07-01-87 | Cascade | 25.00 | 905.02 | 54 |
| Clark, Lloyd | 07-01-87 | Ravalli | 29.50 | 1,141.71 | 54 |
| Clawson, Verda | 07-01-87 | Powell | 25.19 | 906.23 | 58 |
| Clubb, Helena | 07-01-87 | Missoula | 13.50 | 402.17 | 60 |
| Cohn, Jack | 07-01-87 | Lewis & Clark | 36.00 | 1,862.31 | 59 |
| Coldwell, Bobby | 07-01-87 | Lincoln | 25.00 | 1,188.97 | 47 |
| Collins, Elinor | 07-01-85 | Hill | 16.97 | 271.21 | 53 |
| Comes, Eugene | 07-01-87 | Cascade | 26.00 | 1,724.71 | 50 |
| Cook, Agnes | 07-01-87 | Hill | 17.22 | 610.13 | 62 |
| Coons, Bev | 07-01-87 | Carter | 26.56 | 830.12 | 58 |
| Cooper, Howard | 07-01-87 | Fergus | 31.00 | 1,212.60 | 59 |
| Correll, Rich | 07-01-87 | Missoula | 27.00 | 1,809.54 | 49 |
| Creaser, Doris | 07-01-87 | Yellowstone | 14.00 | 269.66 | 51 |
| Critelli, Carol | 07-01-87 | EMC | 30.33 | 1,195.42 | 54 |
| Cypher, Terrance | 07-01-87 | Beaverhead | 39.25 | 2,307.89 | 61 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Dahl, Arlie M. | 07-01-87 | Cascade | 21.44 | 951.64 | 62 |
| Dantic, Robert G. | 07-01-87 | Yellowstone | 29.37 | 1,842.02 | 53 |
| Davis, Ramona A. | 07-01-87 | Flathead | 36.66 | 1,341.79 | 58 |
| Dawson, Lenore Stokes | 07-01-87 | Judith Basin | 26.44 | 564.60 | 65 |
| Deitchler, Eva M. | 07-01-87 | Custer | 30.22 | 654.74 | 62 |
| Delaney, William J. | 07-01-87 | Ravalli | 31.83 | 1,347.29 | 54 |
| Deming, Robert J. | 07-01-87 | State | 37.91 | 2,222.87 | 57 |
| Denson, Barbara O. | 07-01-87 | Yellowstone | 19.45 | 461.82 | 55 |
| Deschamps, Kathleen | 07-01-87 | Missoula | 16.93 | 414.16 | 56 |
| Dingman, Jeanne G. | 07-01-87 | Yellowstone | 22.11 | 783.83 | 65 |
| Dockins, Ruth M. | 07-01-87 | Silver Bow | 19.22 | 619.67 | 63 |
| Doran, Edith L. | 07-01-87 | Deer Lodge | 24.28 | 843.48 | 65 |
| Dracon, John | 07-01-87 | Yellowstone | 29.00 | 2,251.08 | 52 |
| Dreher, Vera L. | 07-01-87 | Lewis & Clark | 21.88 | 695.77 | 65 |
| Drenth, Hazel M. | 07-01-87 | Mineral | 21.13 | 832.97 | 62 |
| Dross, Gale R. | 07-01-87 | Cascade | 27.33 | 935.07 | 54 |
| Dubbs, Barbara Jo | 07-01-87 | Flathead | 26.00 | 719.39 | 51 |
| Dunlop, Janet E. | 07-01-87 | Yellowstone | 15.00 | 387.71 | 54 |
| Dutton, June M. | 07-01-87 | Missoula | 30.00 | 1,174.24 | 57 |
| Ehli, Robert G. | 07-01-87 | Yellowstone | 25.00 | 1,798.19 | 50 |
| Emerson, Evelyn | 07-01-87 | Yellowstone | 40.56 | 1,853.48 | 62 |
| Everett, Thomas | 07-01-87 | Rosebud | 29.41 | 1,989.82 | 58 |
| Everhard, Catherine | 07-01-87 | Deer Lodge | 26.00 | 910.35 | 47 |
| Eversman, Thomas L. | 07-01-87 | Gallatin | 26.00 | 1,083.49 | 53 |
| Fiechtner, Joyce N. | 07-01-87 | Yellowstone | 25.50 | 1,102.71 | 57 |
| Fiechtner, Raymond | 07-01-87 | Yellowstone | 35.00 | 2,299.85 | 53 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Fink, Eileen | 07-01-87 | Musselshell | 32.00 | 806.16 | 65 |
| Fish, Rita | 07-01-87 | Gallatin | 27.00 | 944.68 | 50 |
| Follett, G. Doug | 07-01-87 | Flathead | 36.92 | 1,159.08 | 61 |
| Foster, Barbara | 07-01-87 | Jefferson | 30.96 | 884.83 | 60 |
| Frady, Joan | 07-01-87 | Garfield | 16.56 | 147.32 | 67 |
| Franks, Harold P. | 07-01-87 | Lewis & Clark | 12.49 | 343.21 | 59 |
| Geer, William A. | 07-01-87 | Lake | 29.92 | 1,013.07 | 54 |
| Giles, Jean S. | 07-01-87 | Powell | 32.89 | 1,156.68 | 61 |
| Gilmore, Dorothea | 07-01-87 | Hill | 27.89 | 1,131.44 | 59 |
| Glendening, Orville | 07-01-87 | Flathead | 12.25 | 299.79 | 59 |
| Gogas, Marilyn M. | 07-01-87 | Missoula | 26.00 | 903.50 | 56 |
| Graham, James P. Jr. | 07-01-87 | Sweetgrass | 33.92 | 1,170.63 | 59 |
| Graham, Marie A. | 07-01-87 | Missoula | 22.50 | 944.51 | 64 |
| Green, Cleona B. | 07-01-87 | Yellowstone | 28.00 | 1,391.65 | 57 |
| Green, Lawrence B. | 07-01-87 | Chouteau | 32.67 | 1,294.45 | 58 |
| Grow, Dorthea E. | 07-01-87 | Roosevelt | 25.72 | 897.30 | 66 |
| Hafele, Exie | 07-01-87 | Lake | 34.22 | 1,121.12 | 65 |
| Hahn, Woody | 07-01-87 | Eastern | 25.00 | 1,260.85 | 48 |
| Haker, Charlotte A. | 07-01-87 | Judith Basin | 10.67 | 131.26 | 67 |
| Hammer, Lois M. | 07-01-87 | Missoula | 8.00 | 203.76 | 57 |
| Hammer, Nancy P. | 07-01-87 | Ravalli | 26.00 | 998.56 | 59 |
| Hansen, Verna E. | 07-01-87 | Cascade | 25.00 | 842.05 | 59 |
| Harkin, John M. | 07-01-87 | Gallatin | 25.96 | 1,011.80 | 51 |
| Hebnes, James R. | 07-01-87 | Granite | 32.00 | 1,050.97 | 56 |
| Heilman, Mary | 07-01-87 | Hill | 34.89 | 1,134.89 | 61 |
| Henneberg, Ronald R. | 07-01-87 | Cascade | 33.00 | 1,930.93 | 55 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Hereim, Ila M. | 07-01-87 | Meagher | 31.00 | 994.94 | 57 |
| Hickey, Gary D. | 07-01-87 | Big Horn | 25.00 | 1,099.47 | 48 |
| Hilderman, Janice L. | 07-01-87 | Stillwater | 26.15 | 923.17 | 60 |
| Hobby, June | 07-01-87 | Yellowstone | 25.00 | 1,056.47 | 48 |
| Hockett, Robert G. | 07-01-87 | Northern | 29.58 | 1,928.81 | 62 |
| Hogenson, Lowell C. | 07-01-87 | Cascade | 31.92 | 1,459.90 | 57 |
| Howard, Carol A. | 07-01-87 | Ravalli | 27.11 | 973.02 | 58 |
| Isaacson, Leanna | 07-01-87 | Flathead | 27.40 | 1,606.95 | 48 |
| Iverson, Harley | 07-01-87 | Lewis & Clark | 35.33 | 1,671.21 | 62 |
| Iwen, Donald E. | 07-01-87 | Yellowstone | 33.75 | 1,681.20 | 56 |
| Jacobsen, Arthur | 07-01-87 | Yellowstone | 23.08 | 1,126.44 | 66 |
| Jamruszka, Rhoda E. | 07-01-87 | Hill | 25.34 | 1,180.93 | 56 |
| Jeanotte, Virginia | 07-01-87 | Yellowstone | 28.44 | 1,088.30 | 49 |
| Jelle, Kathleen | 07-01-87 | Yellowstone | 23.11 | 912.11 | 64 |
| Jensen, Christine | 07-01-87 | Rosebud | 22.00 | 704.65 | 61 |
| Jetter, James E. | 07-01-87 | Ravalli | 18.17 | 489.75 | 59 |
| Jetter, Kamie W. | 07-01-87 | Ravalli | 19.56 | 435.57 | 56 |
| Johnson, Carl R. | 07-01-87 | Glacier | 37.08 | 1,287.92 | 62 |
| Johnson, Emma B. | 07-01-87 | Phillips | 19.03 | 565.17 | 58 |
| Johnson, Dale L. | 07-01-87 | Lewis & Clark | 35.00 | 1,657.27 | 59 |
| Johnson, Ernest Dale | 07-01-87 | Teton | 25.08 | 819.25 | 53 |
| Johnson, Jack D. | 07-01-87 | Yellowstone | 35.00 | 1,896.18 | 57 |
| Johnson, Loren E. | 07-01-87 | Ravalli | 30.91 | 1,112.42 | 54 |
| Kalaris, Natalie | 07-01-87 | Yellowstone | 24.67 | 1,097.48 | 66 |
| Kettering, Charles | 07-01-87 | Fergus | 34.00 | 1,125.42 | 63 |
| Knapp, Harold G. | 07-01-87 | Missoula | 31.75 | 1,495.09 | 56 |
| Knutson, Orlyn | 07-01-87 | Flathead | 30.00 | 1,347.29 | 53 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Korich, Mike | 07-01-87 | Gallatin | 39.67 | 1,765.42 | 63 |
| Kotar, Peggy Ann | 02-01-87 | Carbon | 18.34 | 290.42 | 51 |
| Kovash, Ray | 07-01-87 | Powell | 30.83 | 1,076.51 | 57 |
| Krogh, Robert | 07-01-87 | Musselshell | 32.91 | 1,934.95 | 56 |
| Lambeth, William | 07-01-87 | Dawson | 30.78 | 1,073.86 | 56 |
| Laumeyer, Robert | 07-01-87 | Jefferson | 35.00 | 2,106.95 | 55 |
| Lehman, Carl | 07-01-87 | Yellowstone | 31.00 | 1,250.22 | 55 |
| Leischner, Lyle | 07-01-87 | Missoula | 29.92 | 1,471.07 | 55 |
| Lewis, Gunda | 07-01-87 | Petroleum | 30.67 | 837.90 | 57 |
| Lewis, James | 07-01-87 | Lewis & Clark | 30.00 | 1,204.82 | 54 |
| Liebel, Alice J. | 03-01-87 | V.R. | 5.56 | 35.70 | 50 |
| Lloyd, Joan | 07-01-87 | Missoula | 24.40 | 876.72 | 61 |
| Logozzo, Andy | 07-01-87 | Missoula | 24.00 | 850.07 | 63 |
| Loney, Pamela | 07-01-87 | Meagher | 27.22 | 873.62 | 50 |
| Long, Dorothy | 07-01-87 | Yellowstone | 34.00 | 1,366.85 | 57 |
| Luoma, Robert | 07-01-87 | Missoula | 29.75 | 1,340.35 | 56 |
| Mackin, Margaret E. | 07-01-87 | MSU | 21.00 | 765.76 | 61 |
| Mapston, Leonard A. | 07-01-87 | Fergus | 28.92 | 1,235.54 | 52 |
| Marsh, Miles B. | 07-01-87 | Yellowstone | 34.00 | 1,336.91 | 59 |
| Mast, Erma V. | 07-01-87 | Dawson | 21.00 | 717.22 | 63 |
| Matlock, Robert W. | 07-01-87 | Yellowstone | 28.75 | 909.16 | 61 |
| Mayala, Hjalmer | 07-01-87 | Lewis & Clark | 25.00 | 999.00 | 47 |
| McClenahan, Florence | 07-01-87 | Musselshell | 17.00 | 496.75 | 61 |
| McDonald, Marion G. | 07-01-87 | McCone | 28.78 | 1,050.86 | 59 |
| McDonough, John B. | 07-01-87 | Pondera | 31.00 | 1,308.31 | 55 |
| McFarlin, Thelma | 07-01-87 | Yellowstone | 16.00 | 303.19 | 81 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| McGonigal, Thomas | 07-01-87 | Fallon | 38.83 | 1,944.53 | 62 |
| Moore, Richard L. | 07-01-87 | Glacier | 26.00 | 1,135.39 | 52 |
| Morris, Shirlee F. | 07-01-87 | Carbon | 39.00 | 1,288.61 | 60 |
| Murdock, Albert L. | 07-01-87 | Valley | 21.00 | 727.30 | 60 |
| Myers, Vera T. | 07-01-87 | U of M | 14.52 | 329.37 | 61 |
| Neitz, Mary | 07-01-87 | Yellowstone | 23.28 | 914.54 | 62 |
| Neitzling, Robert | 07-01-87 | Flathead | 34.75 | 1,915.67 | 57 |
| Nelson, Fred | 07-01-87 | Missoula | 34.75 | 1,722.67 | 59 |
| Oberlitner, John | 07-01-87 | Lake | 31.00 | 1,171.38 | 54 |
| Oksenholt, Svein | 07-01-87 | EMC | 28.00 | 1,111.13 | 62 |
| Olson, John | 07-01-87 | Dawson | 35.00 | 1,314.65 | 57 |
| Olson, Lyle | 07-01-87 | Lincoln | 25.00 | 1,242.13 | 48 |
| O'Malley, John | 07-01-87 | Chouteau | 38.08 | 1,252.40 | 61 |
| Osborn, Grace | 07-01-87 | Madison | 26.61 | 609.15 | 64 |
| Paulson, Harley | 07-01-87 | Lincoln | 25.00 | 1,401.34 | 47 |
| Pelzel, Leta | 07-01-87 | Yellowstone | 31.00 | 1,186.16 | 54 |
| Peters, Robert | 07-01-87 | Pondera | 25.00 | 1,141.76 | 48 |
| Picton, John | 07-01-87 | MSU | 22.94 | 928.26 | 64 |
| Pitman, Richmond | 06-01-87 | Montana Tech | 26.00 | 633.88 | 55 |
| Raab, Gerald | 07-01-87 | Yellowstone | 36.86 | 2,087.51 | 59 |
| Rafter, Gwen | 07-01-87 | Judith Basin | 29.22 | 1,002.42 | 50 |
| Rafter, Wendell | 07-01-87 | Judith Basin | 28.00 | 1,575.45 | 50 |
| Ragar, Alma | 07-01-87 | Dawson | 27.17 | 1,149.37 | 64 |
| Randall, Howard | 07-01-87 | Yellowstone | 32.00 | 1,272.27 | 56 |
| Reiman, Robert | 07-01-87 | Lewis & Clark | 36.83 | 1,679.20 | 63 |
| Reuter, Roberta | 07-01-87 | Sheridan | 23.51 | 753.53 | 66 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Rollman, Darold | 07-01-87 | Deer Lodge | 26.00 | 1,025.40 | 47 |
| Salsbury, Mildred | 07-01-87 | Yellowstone | 21.00 | 892.05 | 60 |
| Satterly, Jeff | 07-01-87 | Silver Bow | 28.00 | 2,110.42 | 52 |
| Schiedermayer, Gene | 07-01-87 | U of M | 14.00 | 449.87 | 56 |
| Schulz, Ellen | 07-01-87 | Yellowstone | 12.44 | 263.19 | 51 |
| Scott, Duane | 07-01-87 | Sanders | 30.50 | 1,780.36 | 51 |
| Scott, Walter | 07-01-87 | Blaine | 25.00 | 1,454.93 | 49 |
| Shanholtzer, Marjorie | 07-01-87 | Gallatin | 31.39 | 1,112.64 | 67 |
| Sherman, Don | 07-01-87 | Yellowstone | 30.00 | 1,220.85 | 53 |
| Sherry, George | 07-01-87 | Missoula | 25.00 | 1,132.26 | 50 |
| Shrauger, Nicholas | 07-01-87 | MSU | 27.16 | 1,647.58 | 51 |
| Siderius, Ken | 07-01-87 | Flathead | 31.92 | 2,214.58 | 54 |
| Simmons, Susan | 07-01-87 | Missoula | 26.00 | 1,044.56 | 46 |
| Simon, Emily | 07-01-87 | Yellowstone | 35.56 | 1,336.24 | 57 |
| Sjodahl, Gertrude | 07-01-87 | Deer Lodge | 20.00 | 689.43 | 63 |
| Skelton, Don | 07-01-87 | Gallatin | 29.83 | 1,853.02 | 55 |
| Smith, Carol | 07-01-87 | Yellowstone | 20.94 | 742.48 | 60 |
| Smith, Kent | 07-01-87 | Cascade | 30.56 | 1,409.09 | 52 |
| Solberg, Richard | 07-01-87 | U of M | 31.00 | 2,326.21 | 52 |
| Spindler, Ray | 07-01-87 | U of M | 32.00 | 1,832.29 | 53 |
| Stengel, Paul | 07-01-87 | Custer | 40.83 | 2,702.31 | 64 |
| Suhr, Loretta | 07-01-87 | Custer | 31.00 | 1,048.56 | 57 |
| Super, Joseph | 07-01-87 | Flathead | 30.00 | 1,768.85 | 51 |
| Sutton, Jerrold | 07-01-87 | McCone | 31.33 | 1,148.39 | 59 |
| Suvak, Albert | 07-01-87 | MSU | 37.17 | 2,220.49 | 60 |
| Swift, Ellen | 07-01-87 | Missoula | 16.00 | 679.29 | 68 |

RETIREMENT APPLICATIONS - JULY 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Svendsen, Ellen | 07-01-87 | Blaine | 25.12 | 952.98 | 61 |
| Taylor, Howard | 07-01-87 | Cascade | 30.00 | 1,459.05 | 54 |
| Thomas, James | 07-01-87 | Lewis & Clark | 24.67 | 1,492.77 | 63 |
| Thompson, Ethel | 07-01-87 | Deer Lodge | 33.00 | 1,334.59 | 62 |
| Thompson, Thomas | 07-01-87 | Glacier | 27.00 | 2,284.99 | 47 |
| Timmerman, Leslie | 07-01-87 | Silver Bow | 25.00 | 926.64 | 45 |
| Trask, Marvin | 07-01-87 | Lake | 38.41 | 1,974.23 | 61 |
| Vanderpan, Gordon | 07-01-87 | Fallon | 36.84 | 1,966.22 | 58 |
| VanSky, Thelma | 07-01-87 | Big Horn | 25.00 | 1,036.41 | 66 |
| Varnum, Alice | 07-01-87 | Hill | 15.14 | 382.68 | 53 |
| Waetzig, Ruth | 07-01-87 | Cascade | 24.46 | 859.13 | 59 |
| Waite, Gary | 07-01-87 | Yellowstone | 30.00 | 1,571.77 | 51 |
| Waller, Edwin | 07-01-87 | Yellowstone | 35.00 | 1,673.93 | 60 |
| Webster, James | 07-01-87 | Lake | 25.75 | 1,586.90 | 52 |
| Weidman, Robert | 07-01-87 | U of M | 37.22 | 2,507.41 | 64 |
| Willems, Richard | 07-01-87 | Sweet Grass | 29.00 | 1,036.08 | 55 |
| Williams, Darrel | 07-01-87 | Yellowstone | 25.00 | 1,259.25 | 47 |
| Williams, Roy | 07-01-87 | Yellowstone | 30.50 | 2,402.21 | 52 |
| Workman, Beatrice | 07-01-87 | Yellowstone | 33.00 | 1,302.89 | 58 |
| Wynn, Harold | 07-01-87 | Yellowstone | 30.67 | 2,468.16 | 53 |
| Yeager, Mavis | 07-01-87 | Pondera | 27.00 | 849.03 | 67 |
| Yirka, Emil | 07-01-87 | Fallon | 24.00 | 778.55 | 59 |
| Zimmer, Marlys | 07-01-87 | Lincoln | 23.00 | 875.15 | 61 |

SURVIVOR APPLICATIONS - JULY 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Maltby, Ann | 07-01-87 | Lewis & Clark | 22.96 | 921.00 | 51 |
| Survivor of Denton R. Maltby | | | | | 55 |

ADJUSTMENTS - JULY 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Ditton, Claro O. | 07-01-87 | 1,235.70 | 1,171.64 |
| Adjustment to reflect Option II termination pay rather than Option I. | | | |
| Rose, Williamina | 07-01-85 | 330.81 | 349.60 |
| Adjustment to reflect the use of correct salary. | | | |
| Schettler, Mabel K. | 07-01-87 | 343.24 | 215.31 |
| Change in option due to death of beneficiary. | | | |

RETIREMENT APPLICATIONS - AUGUST 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Aakre, Clarice M. | 08-01-87 | Pondera | 21.00 | 610.07 | 60 |
| Anderson, William A. | 07-01-87 | Missoula | 32.67 | 1,120.11 | 56 |
| Baker, Eldon | 08-01-87 | U of M | 25.07 | 1,416.77 | 50 |
| Blockey, Ernest A. | 07-01-87 | Gallatin | 37.50 | 1,545.09 | 63 |
| Bryson, Kenneth D. | 08-01-87 | MSU | 41.44 | 2,238.26 | 63 |
| Champoux, Richard | 07-01-87 | Flathead | 29.00 | 1,292.98 | 57 |
| Connelly, John C. | 07-01-87 | Silver Bow | 25.00 | 1,082.04 | 46 |
| Crain, Allan O. | 07-01-87 | Hill | 10.43 | 377.16 | 62 |
| Dickson, Robert | 07-01-87 | Custer | 31.75 | 1,546.07 | 55 |
| Fredlund, Dale | 11-01-83 | Mont. Tech | 10.78 | 96.09 | 50 |
| Gosnell, Donald K. | 08-01-87 | Western | 25.11 | 1,291.93 | 50 |
| Hess, Carolyn | 07-01-87 | Cascade | 28.00 | 1,034.94 | 50 |

RETIREMENT APPLICATIONS -AUGUST 1987 (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Jones, Mary A. | 07-01-87 | Yellowstone | 30.56 | 1,236.18 | 65 |
| Marshall, Norman | 08-01-87 | MSU | 25.02 | 1,031.20 | 53 |
| McKinley, William | 08-01-87 | Eastern | 25.11 | 1,202.01 | 52 |
| Perkins, Donald H. | 07-01-87 | Fergus | 38.42 | 1,629.06 | 60 |
| Powell, Tom B. | 08-01-87 | Eastern | 25.11 | 981.02 | 57 |
| Shotwell, Lucille | 07-01-87 | Flathead | 10.78 | 168.74 | 67 |
| Thornton, R. June | 06-01-86 | V. R. | 8.29 | 124.36 | 60 |
| Wilkins, Ward | 12-01-86 | V. R. | 14.23 | 128.90 | 59 |

ADJUSTMENTS - AUGUST 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Banks, Shirley | 07-01-87 | $ 881.50 | $ 903.54 |
| Adjustment to reflect the use of termination pay under Option I. | | | |
| Dickson, Robert V. | 07-01-87 | 1,546.07 | 1,548.64 |
| Adjustment to reflect the use of correct salary from PERD. | | | |
| Dockins, Ruth | 07-01-87 | 619.67 | 705.78 |
| Adjustment to reflect the use of termination pay. | | | |
| Doran, Edith | 07-01-87 | 843.48 | 790.93 |
| Reissue of July Benefit due to option change. | | | |

SURVIVOR APPLICATIONS - AUGUST 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Butler, Dale E. | 07-01-87 | Liberty | 25.00 | $1,048.02 | 44 |
| Survivor of Rodney Butler | | | | | 49 |

RETIREMENT APPLICATIONS - SEPTEMBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Ankeny, Claude F. | 09-01-87 | Beaverhead | 32.14 | $1,749.31 | 55 |
| Earll, Fred | 07-01-87 | Mont. Tech | 33.25 | 2,100.80 | 63 |
| Goebel, John W. | 09-01-87 | NMC | 38.97 | 1,764.24 | 63 |
| Hannah, Larry K. | 09-01-87 | EMC | 25.00 | 935.63 | 52 |
| Heywood, Stanley | 09-01-87 | EMC | 31.89 | 1,811.45 | 62 |
| Israel, Joseph | 07-01-87 | Carbon | 39.67 | 1,352.61 | 64 |
| Kiesling, Helen L. | 09-01-87 | NMC | 29.16 | 1,386.88 | 65 |
| Myers, William M. | 09-01-87 | U of M | 37.17 | 2,063.45 | 62 |
| Nicholson, Ken | 09-01-87 | MSU | 32.11 | 1,778.17 | 55 |
| Parker, J. A. | 09-01-87 | U of M | 33.30 | 2,013.26 | 65 |
| Peterson, Hans J. | 09-01-87 | NMC | 28.95 | 1,534.10 | 55 |
| Richau, Janis | 07-01-87 | Yellowstone | 28.00 | 1,683.00 | 54 |
| Schulz, Dennis | 09-01-87 | EMC | 25.22 | 1,368.19 | 50 |
| Snavely, A. Eloise | 09-01-87 | WMC | 16.22 | 824.72 | 67 |
| Wendt, Roy E. | 09-01-87 | Flathead | 31.22 | 1,656.07 | 61 |
| Wetzel, Beverly | 05-01-87 | Lake | 24.22 | 364.77 | 65 |

ADJUSTMENTS - SEPTEMBER 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Brownson, E. James | 07-01-87 | $1,632.43 | $1,638.49 |
| Adjustment due to the use of actual salary and termination pay. | | | |
| Bryson, Kenneth | 08-01-87 | 2,238.26 | 2,312.21 |
| Adjustment due to the use of actual termination pay. | | | |
| Gold, Raymond L. | 09-01-87 | 1,193.51 | 1,046.23 |
| Change in option due to death of beneficiary (Option 2F to 2A). | | | |
| Trask, Marvin | 07-01-87 | 1,974.23 | 1,978.35 |
| Adjustment due to the use of additional military service. | | | |

SURVIVOR APPLICATIONS - SEPTEMBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Makela, Doris | 07-01-87 | Hill | 17.00 | $605.86 | 47 |
| Survivor of Robert Makela | | | | | 47 |
| Schaffer, Charlie F. | 09-01-87 | Glacier | 29.84 | 935.63 | 53 |
| Survivor of Eva Schaffer | | | | | 59 |

RETIREMENT APPLICATIONS - OCTOBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Barefoot, Ross | 10-01-87 | V. R. | 17.00 | $ 628.78 | 59 |
| Blew, Mary | 10-01-87 | NMC | 25.06 | 1,505.73 | 48 |
| Byers, Donald | 01-01-87 | Cascade | 18.44 | 453.43 | 50 |
| Cullen, Anita | 07-01-87 | Custer | 32.00 | 1,238.83 | 55 |
| Grout, Stanley | 10-01-87 | WMC | 15.28 | 358.80 | 60 |
| Hanson, Edward | 10-01-87 | MSU | 30.08 | 1,351.20 | 55 |
| Kato, Ted | 07-01-87 | Sanders | 28.00 | 1,202.46 | 54 |
| Ripley, Gloria | 08-01-87 | Big Horn | 26.34 | 1,337.96 | 56 |

ADJUSTMENTS - OCTOBER 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Dayton, Irving | 07-01-86 | $3,142.26 | $3,192.79 |
| Adjustment to reflect the use of actual salary for 1985-86. | | | |
| Larsen, Edith L. | 07-01-86 | 1,157.38 | 1,143.53 |
| Adjustment to reflect the use of actual salary. | | | |
| Miller, James D. | 03-01-87 | 1,193.42 | 1,199.28 |
| Adjustment to reflect the use of 12 month contract. | | | |
| Neill, Howard J. | 07-01-86 | 584.98 | 583.08 |
| Adjustment due to leave without pay. | | | |

ADJUSTMENTS - OCTOBER 1987 (Continued)

| | | | |
|---|---|---|---|
| Owen, Thomas W. | 07-01-86 | 746.02 | 745.63 |
| Adjustment due to the use of the actual salary for 1985-86. | | | |
| Ripley, Gloria | 07-01-86 | 1,391.56 | 1,457.51 |
| Adjustment due to the use of Drivers Education earnings. | | | |
| Shrauger, Nicholas | 07-01-87 | 1,647.58 | 1,651.68 |
| Adjustment to reflect the use of actual termination pay. | | | |

SURVIVOR APPLICATIONS - OCTOBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Kelly, Mary Jane | 09-01-87 | Yellowstone | 15.01 | $618.32 | 37 |
| Survivor of Harold J. Kelly | | | | | 40 |

ADUSTMENTS - NOVEMBER 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Henneberg, Ron | 07-01-87 | $1,930.93 | $1,834.02 |
| Hogenson, Lowell | 07-01-87 | 1,459.90 | 1,411.41 |
| Spindler, Ray | 07-01-87 | 1,832.29 | 1,735.03 |
| Taylor, Howard | 07-01-87 | 1,459.05 | 1,415.54 |

* Cascade County School District No. 1.
Members elected Option I with regard to termination pay.
No contributions received from either member or District.
Benefits to be reduced reflecting Option III.

# TEACHERS' RETIREMENT BOARD MEETING

## FEBRUARY 19, 1988

The meeting was called to order by Chairman Burke at 9:00 am in the office of the Teachers' Retirement System.

Those in attendance were:

Jim Burke, Chairman
J. William Kearns, Jr., Board Member
Virginia Egli, Active Teacher
J. Thomas Ryan, Retired Member
Edward F. Argenbright, Ex-Officio OSPI
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Legal Counsel

Chairman Burke noted Mr. Corbin was ill and unable to attend todays meeting.

Approval of the Minutes of November 16, 1987. The Chairman asked if there were any corrections or additions to the minutes as presented by the Executive Secretary. Seeing none, Mr. Kearns moved for approval of the minutes. Mrs. Egli seconded the motion which passed unanimously.

Financial Statements, Budget Report and Investment Report. The Executive Secretary briefly reviewed the financial statements and the annual report of the Board of Investments. He commented that the investment income yield, in the Investment Report for the Teachers' Retirement System, of 11.55% was calculated on the invested asset balance. If calculated using the total asset balance, the true yield would be 10.92%. The Executive Secretary reported that the Board of Investments had authorized 10 million dollars be invested in Venture Capital, 5 million to come from both the Teachers' Retirement System and Public Employees' Retirement System. The total is to be invested over a five year period. First Chicago Investment Advisors has been selected as the asset manager. They will be approving all partnerships and authorizing the draw-down of funds. The funds will be diversified over many different partnerships. Mr. Kearns stated that most, if not all, of the investments will be outside of the State of Montana, but he felt First Chicago would look seriously at Montana ventures. He said, although the risk is greater in Venture Capital than in the types of investments the Board has specialized in the past, the rate of return should also be much greater. Mr. Ryan asked if First Chicago was a reputable firm. Mr. Kearns answered that the Board of Investments had interviewed six firms and they felt First Chicago would seriously consider ventures within the State of Montana. Mr. Argenbright asked if the people in the partnership would know that their funding came from Montana. He felt if they knew the funds came from Montana,

they would be more likely to look to Montana for future ventures. Mr. Kearns was unsure if the partnership would know where the capital came from.

The Executive Secretary reported that in December he had authorized a request for an emergency budget amendment to replace the data entry station. The station had developed problems and we were no longer able to see what had been keyed. He stated he elected to replace the equipment rather than repair it because the machinery was over 15 years old and the supporting required equipment was owned by ISD and was no longer going to be maintained after July 1, 1988. The cost to replace the data entry station will be approximately $5,800.00. Because of the small amount of the request, the budget office did not approve the amendment but authorized the purchase of the new equipment within the 1988 fiscal year budget. If this results in overspending the current appropriation, the budget office stated they would authorize a transfer of the FY 89 appropriation to FY 88. If a budget amendment is then required for FY 89, it would have to be considered by the legislature. Continuing with the budget report the Executive Secretary asked the Board to consider the request and justification they had received to seek a budget amendment for the purpose of adding a benefit analyst position and to seek additional funding to complete maintenance and enhancements to the data processing system. The new position would require approximately $4,600 in FY 88 and $21,000 in FY 89. The maintenance and enhancements would require $45,000.00 in FY 88. The Executive Secretary explained the details of each request at some length. After a brief discussion by the Board, the Chairman directed the Executive Secretary to pursue the request for a budget amendment for the new position and the maintenance and enhancements. Mr. Kearns then moved to accept the financial statements, the budget reports, and investment reports as presented by the Executive Secretary. Mr. Ryan seconded the motion which carried unanimously.

Executive Secretary's Report. The Executive Secretary stated there were only a few items in his report he would like to call to the Board's attention. One was the issue regarding large increases in salaries of a few individuals just prior to retirement. The Executive Secretary submitted a draft letter he proposed to send to all employers, employee representatives, and school board members regarding the problems caused by these increases in unfunded benefits and the various solutions being considered by the Teachers' Retirement Board. After a lengthy discussion the Board directed the Executive Secretary to write the agencies representing administrators, school boards, school business officials, and employees explaining the problems and legislative options being considered. The Board felt that after the school board elections in April, it would be appropriate to send something to the school board chairmen. The Executive Secretary briefly reviewed the balance of the report noting that in addition to the original list of software purchased as part of the personal computer upgrade for the Division, he had authorized the purchase of software to calculate retirement estimates.

Old Business:

Review of Board Goals. The Chairman noted that he was pleased to see that a number of the goals established had been accomplished and that progress was being made on several others. Mr. Kearns recommended we have a special meeting to update the goals of the Board and to review new proposals. The Chairman directed the Executive Secretary to set the day before the August meeting aside for review of Board goals.

1980-81 Missoula County Strike. Emilie Loring joined the meeting at this time. Mrs. Loring explained she was an attorney representing MEA in their request to the Board to allow the teachers in Missoula County to receive service credit for the days they were on strike during the 1980-81 school year. Beda Lovitt, Legal Counsel to the Board, stated this issue was in litigation and recommended the Chairman close the meeting for an executive session. Before closing the meeting, the Chairman allowed Mrs. Loring to make a statement on behalf of MEA. Mrs. Loring stated that MEA sees the need for the Board to adopt a rule to allow the purchase of service for absences without pay. In Missoula, the district closed the school when the teachers went out on strike so there were 19 days in the 1980-81 school year that the teachers did not work, resulting in less than one years creditable service for the school year. She stated that the Board had the authority to adopt a rule for absences without pay. The only statutory limit is that they cannot grant more than one months creditable service no matter how long the absence and the teacher could be required to make the employee and employer contributions similar to the other statutory requirements to qualify additional service. The meeting was then closed to discuss the request to grant service credit for time missed during the Missoula County Strike. When the meeting was reopened, Chairman Burke asked the Board's attorney, Beda Lovitt, to articulate the Boards position. Ms. Lovitt stated the Board agrees there is a need for a written rule interpreting 19-4-204 MCA and that it will be done. In the meantime, because of past Board policies and practices, the Board has determined they will allow the striking teachers to purchase that creditable service lost due to the Missoula County strike. They, like all others, will have to pay the employee and employer contributions. Emilie Loring responded that this would be fine and in that case, she could see no problem with requesting Judge Bennett to dismiss their complaint. The Chairman then asked the Executive Secretary to have a rule drafted for the Board's consideration during their May meeting.

Adoption of amendment to Administrative Rule 2.44.517, Termination Pay Contribution Rates. The Executive Secretary reported a hearing was held on the proposed amendments to administrative rule 2.44.517 on January 22, 1988. Beda Lovitt, hearing officer, reported that Tom Bilodeau, representing MEA, was present and presented a statement voicing MEA's view in support of the proposed amendment. MEA supports the change based

on the limited impact, equity considerations of younger and older retirees, and TRS funding. Mr. Bilodeau requested that every effort be made to give adequate notification to members regarding the proposed amendments. Two letters were received from members, one retired and one active, voicing opposition because they could not include the proposed changes in their consideration for retirement. The Executive Secretary stated he had received a letter from Gaylord C. Lasher after the period for comment on the administrative rule change had closed. He objected to the change because he had not received notification of the change prior to his plans for retirement. After a brief discussion by the Board, Mr. Kearns moved to adopt the amendments to administrative rule 2.44.517 as noticed, effective March 1, 1988. Mr. Ryan seconded the motion, which passed unanimously.

House Bill 45, 1981 Cost of Living Adjustment and Minimum Benefit. The Executive Secretary explained that House Bill #45 was adopted during the 1981 legislative session. In addition to providing a cost-of-living adjustment, the bill also provided a minimum monthly benefit to members who were terminated and receiving a monthly benefit prior to June 30, 1981. He stated this legislation was an ad hoc increase and as such was meant to be temporary. However, the interpretation regarding the application of this legislation has been to apply the minimum benefit to anyone who was terminated prior to 1981 regardless of their retirement effective date. The Executive Secretary proposed that the practice of granting the minimum benefit to members retiring after June 30, 1981 be ceased, except in those cases where the Teachers' Retirement System has notified members that they are eligible for the minimum benefit. They reviewed the language of House Bill 45 at some length and determined the interpretation of the Executive Secretary to be correct and directed that the practice of granting the minimum benefit be terminated and the guidelines established by the Executive Secretary be followed.

New Business:

Creditable Service for Leave Without Pay. The Executive Secretary explained that Mr. Paul Pilati had questioned the salaries used in the calculation of his retirement benefits. He provided evidence that his contract for the 1976-77 school year was greater than the amount reported to the Teachers' Retirement System. At the time this item was scheduled for the Board to consider it was thought that Mr. Pilati had taken leave without pay during the school year in question. We recently received notification that he had been paid the full contract amount and there had been an error in the contributions reported to the Teachers' Retirement System. Mr. Pilati and his employer will be required to pay the additional contributions due plus interest. No action was required by the Board at this time. Had this not been the case, the administrative rule which will be proposed as a result of the Boards actions regarding the Missoula County strike, would have allowed Mr. Pilati to purchase the time he was on leave without pay.

Membership for Part-Time Positions. The Executive Secretary stated he was asking for clarification from the Board regarding when a part-time position must be reported under the Teachers' Retirement Act. He stated the basic statutory requirements for membership were, the member be employed for a minimum of 30 days in each fiscal year and the position must meet the definition of a teacher or be instructional in nature. Therefore, must teacher's aides, summer employees, and employees performing extracurricular service be reported at all times if they meet the minimum eligibility requirements? The Executive Secretary explained that the current practice has varied. Some school districts give the employee the option for membership and/or require the additional salaries be reported for members already employed by the district. The Executive Secretary submitted the following requests to qualify part-time service with the Teachers' Retirement System:

1. Warren Ruetten - a full-time employee with School District #1, Lewis and Clark County, is employed less than 30 days during the summer with Mountain View School. Mr. Ruetten has requested to be allowed to purchase the additional summer employment based on the fact that he was employed as a teacher and is already a member of the Teachers' Retirement System because of his full-time employment with School District #1.
2. Thomas G. Nielson - Mr. Nielson is a full-time employee with Northern Montana College and has requested to qualify his service as assistant football coach with Havre Public Schools. Mr. Nielson's service is also instructional in nature, in that he works with students and he is employed for more than 30 days in each school year.

The Board reviewed each request at some length. Following their discussion, the Board held that Mr. Ruetten was not eligible to qualify his service with Mountain View School because he had been employed less than 30 days. The Board held that Mr. Thomas G. Nielson should have been reported by Havre Public Schools and that the omission be corrected by requiring that Mr. Nielson and the school district pay the employee and employer contributions, plus interest, due the Teachers' Retirement System. Mr. Ryan then moved that all districts and school business officials be notified that membership in the Teachers' Retirement System is not optional and of the requirement to report all instructional positions that meet the minimum employment of 30 days or more. Mr. Argenbright seconded the motion, which carried unanimously.

At this point the Chairman directed the Board to their meeting scheduled for 11 o'clock with Alve Thomas, President of the Montana Retired Teachers Association. Mr. Alve Thomas joined the meeting to discuss with the Board his Association's proposals for post-retirement adjustments and legislation. Mr. Thomas explained that he had been working with Dave Senn to develop several proposals for post-retirement adjustments:

1. Distribute a portion of investment earnings each fiscal year to retirees as a thirteenth check, based upon total years of creditable service, requiring that a member be at least age 60.
2. Distribute a portion of investment earnings each fiscal year to retirees as a monthly annuity, based upon age and years of service, requiring that the member be at least age 60.
3. Provide a monthly increase on a biennial basis, based upon the CPI for retirees who are at least age 60. The increase would be limited to a maximum of 9%.
4. Provide an option whereby members could elect, at the time of retirement, to take a reduction in their monthly benefit with guaranteed adjustments at age 60 based upon increase in the CPI over 3%, limiting the maximum increase to 6%.

Of the proposals made, consideration was being given to the second and third proposals. Mr. Thomas declared that even more important to his organization was the tax exemption from Montana State income taxes that has been enjoyed since 1937 by retired teachers. He stated that the consequences of taxing the retirement benefits would be far more devastating than any benefits which would be reaped from a post-retirement adjustment. Mr. Thomas thanked the Board for their support in opposing such legislation in the past and asked that they continue to do so. Mr. Thomas then discussed the membership of the Montana Retired Teachers Association. He reported that over the past several years there has been a steady decline in the membership of his organization, and he asked that he be allowed to include an announcement regarding the Montana Retired Teachers Association in a monthly mailing of retirement benefits. The members of the Board discussed the various options that would be open to the Association and directed the Executive Secretary to include, with each acknowledgement of receipt of application for retirement, a printed brochure regarding the Association and to work with Mr. Thomas to develop a card that may be included in a future mailing of retirement benefits. Mr. Thomas thanked the Board for their consideration and departed the meeting.

The Chairman then returned to new business, purchase of teaching service outside of the United States or its possessions. The Executive Secretary read a letter from Stanley R. Grossman, Professor, Department of Mathematics, University of Montana petitioning the Board to allow the purchase of his Assistant Professor time with McGill University in Montreal, Canada. The Executive Secretary explained that he received the petition from Mr. Grossman just prior to the mailing of the agenda before he had researched the particular request. However, since the mailing of the agenda, he had discovered an attorney general's opinion dated September 7, 1978 which stated that members hired after July 1, 1971 were ineligible to qualify teaching service outside the United States or its possessions and, therefore, the Board could not allow Mr. Grossman to qualify his time with McGill University. Tom Bilodeau, MEA, requested that the Board

consider legislation to allow the purchase of such service in the future.

Legislation. The Executive Secretary reviewed proposals for legislation that the Board had been considering since the last session.

1. Limiting the amount of earned compensation for each year used in the calculation of average final compensation to the greater of 110% of the preceding year or the earned compensation negotiated under a collective bargaining agreement. Earned compensation in excess of this limit shall be included in the calculation of average final compensation as termination pay as defined under 19-4-101 (5)(a) Option I or II or III. If a member elects to use the excess earned compensation as termination pay under Option III, any contributions made under 19-4-602 or 19-4-605 shall be refunded to the member and employer.
2. Proposed amendments to allow members who did not elect coverage as a substitute teacher under 19-4-302 (3)(a) to qualify this service provided they contribute an amount equal to the combined employee/employer contributions, which would have been made had they elected membership, plus interest at the rate the contributions would have earned had the contributions been in their account.
3. Proposed legislation to strike the reference in 19-4-1001 (2)(a) to section 19-4-802, Early Retirement. This section requires a reduction for early retirement before age 60 or retirement with less than 25 years of service. This reduction has not been applied in the case of survivor benefit nor has the actuary anticipated any such reduction in the course of the biennial valuations.
4. Increase the children's benefits provided under 19-4-1001 (4) and 19-4-1002 (3) paid to a minor child from $100.00 per month to $200.00 per month. The actuary has stated that the cost to provide this increase in benefits would be negligible and additional funding is not required.
5. Proposed legislation to define the calculation of additional creditable service based on the first full years salary or the salary the member would have earned when a full years salary does not exist within the first 5 years of membership as required under Title 19, Chapter 4, Part 4.

Each proposal was discussed briefly by the Board. The Chairman asked if there were any other comments. Mr. McGarvey, Executive Director of Montana Federation of Teachers, asked for clarification regarding the procedures that will be followed in drafting legislation to limit the amount of earned compensation used in the calculation of benefit. The Executive Secretary responded that he would be drafting a proposal which would be

circulated for comment and proposed to meet with all interested parties to review the proposal.

1990-91 Executive Planning Process. The Executive Secretary explained that planning had begun for the 1990-91 biennium the middle of December. Each department was required to prepare a prioritized list of additions and a prioritized list of reductions equal to 5% of the department's 1988 fiscal year budget appropriations. In order to be considered for inclusion in the Governor's budget, any additions to current level must have been requested through the EPP. Each division within the Department of Administration was asked by the Director to submit a prioritized list of additions and a list for 10% reductions. The higher percent of reductions was requested to give the Department some flexibility in choosing which reductions should be chosen over other proposals. Each administrator was then asked to prioritize the list for the whole department. The prioritized list for the department was submitted to the Office of Budget and Program Planning, February 15, 1988. Reductions proposed for the Teachers' Retirement System were to omit the payment of rent to the Teachers' Retirement System. Modifications or additions submitted on behalf of the Teachers' Retirement System were:

1. Reclassify file clerk position to that of a benefit analyst.
2. Provide funding for an actuarial experience study.
3. Purchase of an additional PC and printer.
4. Provide electronic deposit for retired members.
5. Increase travel and per diem for Board members to attend annual conferences.

The Executive Secretary stated that the divisions budget request for the 1990-91 biennium will be presented for the Boards approval during their August meeting.

Approval of applications for regular retirement, survivorships, and adjustments. The Board briefly reviewed the applications and adjustments presented by the Executive Secretary. Mr. Argenbright moved for approval. Mr. Ryan seconded the motion which passed unanimously.

Disabilities. The Executive Secretary explained that Mr. Don Glenn, disabled member of the Teachers' Retirement System had submitted a memo stating he was no longer disabled and would not be able to comply with the requirements for disability retirement. However, he was eligible for his service retirement and requested that the status of his benefit be changed from that of a disability to that of a regular retirement. Mr. Kearns moved to approve the request of Don Glenn. Mr. Ryan seconded the motion which carried unanimously.

The Board next reviewed the disability application of Frances Surwill. Mr. Argenbright moved for approval of the application. Mrs. Egli seconded the motion which passed unanimously. The

Assistant Executive Secretary further explained that Mrs. Surwill had petitioned the Board to include in the calculation of her retirement benefits the salaries she would have earned for the final two years of employment. Because of her illness, she was unable to complete the full school year in 1986-87 and received only 10 days sick pay during the 1987-88 school year. The attorney advised the Board that her interpretation of the statute regarding disability benefits was that the Board could use the salary the member would have earned for only one year. Mr. Kearns moved that the salary Mrs. Surwill would have earned for the 1986-87 year be used in the calculation of retirement benefits and that she be given service credit for the 10 days sick pay she received during the 1987-88 school year. Mrs. Egli seconded the motion, which passed unanimously.

Personnel Policies. The Executive Secretary stated that the Board, as the hiring authority for the staff of the Teachers' Retirement System, had the obligation to adopt policies regarding personnel practices. He presented two policies for the Boards consideration:

1. Equal opportunity policy
2. The Department of Administration's policy regarding performance appraisal

The Executive Secretary recommended that the Board adopt the policies as presented. Mr. Kearns moved for adoption of the policies as presented by the Executive Secretary. Mr. Ryan seconded the motion, which passed unanimously. The Chairman then noted that the next item of business was the performance appraisal for the Executive Secretary. He stated that the meeting be adjourned and the Board review the performance appraisal in executive session.

Before adjournment, May 13, 1988 was scheduled as the next meeting date. Mr. Kearns then moved for adjournment. Mr. Ryan seconded the motion which carried unanimously.

James E. Burke, Chairman

David L. Senn

David L. Senn, Executive Secretary

Executive Secretary's Report

I have been working closely with Alve Thomas over the last few months to draft several post-retirement adjustment proposals. The actuary has reviewed the proposals and examples are being prepared to estimate what the retirees may expect under each proposal. At the time of this writing, a meeting is planned for February 18, 1988 to review the proposed adjustments and to solicit support for legislation. A list of the proposals considered by Mr. Thomas and myself are enclosed.

It seems like each meeting we review and discuss the ills of termination pay. For this meeting, I have a new rumor to report. I have received several calls regarding administrators who are negotiating contracts for the next three years under which 90% of the contract is received in the first two years and 10% or less is received in the last year. This practice will result in a much larger average final compensation, which in turn will mean larger monthly retirement benefits. I recommend the Board approve the following actions: 1) send a letter to all school boards and others responsible for contract negotiations explaining that such practices result in large unfunded liabilities (draft attached, please critique), 2) direct the Executive Secretary to meet with representatives of the teachers, school boards, administrators and all others who have control over termination pay and seek their support in finding a solution, 3) aggressively pursue all legal and legislative remedies available.

The personal computers are up and running well. Hardware and software problems experienced earlier seem for the most part to have been corrected. All staff members have received some training with several advanced courses planned for the future. The program we received to calculate retirement estimates required several modifications. Mr. Tom Nopper has indicated he will make the changes and sell the program to the Teachers' Retirement Division for $300.00 to $400.00. I feel this is very reasonable and have committed to purchase this program. Since the program is in keeping with our objectives in acquiring the PC's and software, this expenditure will be made through the Minnie Fullam Fund. No additional funding authorization will be required. The Board originally authorized $32,000.00 and with the purchase of this package approximately $31,900.00 has been committed.

In November, I reported the IRS could not reconcile our 1985 W-2P's with our deposits for federal income tax withheld. On January 25, 1988 we received their first reply in which they stated they are looking into this matter. After a thorough review of our records, we are convinced their records are in error and as further evidence to support our position, we have recently received copies of IRS notices to retirees in which the

IRS has overstated the retirees income for 1985. I will keep you advised as we hear from the Internal Revenue Service.

In the last year, we have received several copies of divorce decrees which have directed the Teachers' Retirement System to make payments directly to the members ex-spouse. When we have received such notifications, we have returned them explaining that the provisions of the divorce decree relating to the Teachers' Retirement System are unenforceable. We recognize that pension benefits are part of the marital estate and as such are subject to distribution. However, 19-4-706, MCA, provides that pension benefits and annuities accrued or accruing are exempt from process and are unassignable. Any payment of a share of any benefits that the ex-spouse may receive will have to be paid by the member directly to the ex-spouse. Recently we received a copy of a divorce decree that directs the member to have all monthly payments, at the time of his retirement paid directly into an escrow account. I have reviewed this agreement with Mrs. Lovitt and we have concluded this does not pose any problems for the Teachers' Retirement System nor is it in violation of the Teachers' Retirement Act.

I have been asked by the President of the National Council on Teachers' Retirement to serve as a member of the credentials committee. Bob Scott with the Colorado Retirement System will serve as chairperson and James Conley with the Missouri State System will service as vice-chairperson. Larry Carson of Idaho has also been asked to serve on this committee.

Since the last Board meeting, we have done very little traveling. I spoke to the Retired Teachers' Association in Bozeman on January 22nd. Mary is scheduled to go to Phoenix, Arizona for an executive committee meeting with the NCPERS and I will be traveling to St. Louis the 21st, returning on the 22nd, to attend a NCTR workshop for all administrators. The cost of both out-of-state trips is funded by the respective organizations.

We recently received the following announcement:

**Alton Hendrickson and Judy Miller**
are pleased to announce that
**Hendrickson & Associates, Inc.**
is now
**Hendrickson, Miller & Associates, Inc.**
Judy Miller has been with the firm since 1975,
and is half-owner of the firm.
The firm has moved to a larger office space.
The new location is 101 North Last Chance Gulch
in Helena.
The mailing address and telephone number remain unchanged.
Securities Building, 101 N. Last Chance Gulch
P.O. Box 823, Helena, Montana 59624
Telephone 406/442-5222

TO: File

FROM: David L. Senn, Executive Secretary

DATE: January 1, 1988

SUBJECT: HOUSE BILL NO. 45, CHAPTER NO. 549, MONTANA SESSION LAWS OF 1981

House Bill No. 45 provided an Ad Hoc cost of living adjustment to members who were retired after July 1, 1979 but on or before June 30, 1981 and a minimum monthly benefit to vested members who had terminated before June 30, 1981, who were receiving monthly benefits.

After the passage of this Act, vested members who terminated prior to June 30, 1981 have been given retirement estimates showing they are eligible to receive the minimum monthly benefit as provided in House Bill 45 and once making application have been paid the minimum benefit. I believe this interpretation of House Bill 45 to be incorrect. House Bill 45 provided a one time adjustment to members who were terminated and receiving monthly benefits prior to June 30, 1981. Members retiring after this date should not have been informed that they are eligible to receive a minimum monthly benefit.

As of this date, subject to approval by the Teachers' Retirement Board at their next regularly scheduled meeting, vested members who terminated prior to June 30, 1981 will no longer be advised that they are eligible to receive a minimum monthly benefit. However, members who have received estimates, have retired or relied upon these estimates and make application to retire, will be granted the minimum monthly benefit as provided in House Bill 45, Chapter 549, Montana Session Laws of 1981.

DLS:mc

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - NOVEMBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Franklin, Ruth | 10-01-87 | Cascade | 25.00 | $870.83 | 47 |
| French, Norman | 07-01-87 | U of M | 5.70 | 311.00 | 64 |
| Nemes, Joseph A | 07-01-87 | Blaine | 23.22 | 455.41 | 56 |

## SURVIVOR APPLICATIONS - NOVEMBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Mahon, Martha | 10-01-87 | Fallon | 12.04 | $364.87 | 56 |
| Survivor of Thomas F. Mahon | | | | | 61 |

## ADJUSTMENTS - NOVEMBER 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Adkins, John S.<br>Adjustment due to the use of correct termination pay. | 07-01-87 | $1,719.46 | $1,718.82 |
| Bennett, Gregory<br>Adjustment due to the use of correct salary and termination pay for the 1986-1987 school year. | 07-01-87 | 1,143.29 | 1,137.67 |
| Blew, Mary<br>Adjustment due to the use of correct termination pay. | 10-01-87 | 1,505.73 | 1,509.48 |
| Creaser, Doris<br>Adjustment due to additional salary and leave without pay. | 07-01-87 | 269.66 | 269.19 |
| Dross, Gale R.<br>Adjustment due to the use of correct termination pay and option. | 07-01-87 | 935.07 | 907.85 |

RETIREMENT LISTING

| | | | |
|---|---|---|---|
| Graham, Marie<br>Adjustment due to the use of correct salary and termination pay for the 1986-1987 school year. | 07-01-87 | 944.51 | 941.87 |
| Johnson, Emma<br>Adjustment due to early retirement reduction not taken into consideration. | 07-01-87 | 565.17 | 491.70 |
| Kettering, Charles<br>Adjustment due to the use of correct termination pay and salary. | 07-01-87 | 1,125.42 | 1,128.95 |
| Larsen, Edith<br>Adjustment due to the change from Option I to Option II. | 07-01-86 | 727.30 | 723.66 |
| Murdock, Albert L.<br>Adjustment due to Early Retirement Reduction not taken into consideration. | 07-01-87 | 727.30 | 723.66 |
| Scott, Walter N.<br>Adjustment due to the use of correct termination pay. | 07-01-87 | 1,454.93 | 1,447.50 |
| Skelton, Donald<br>Adjustment due to the change from Option I to Option II. | 07-01-87 | 1,853.02 | 1,659.20 |
| Vernum, Alice<br>Adjustment due to the use of correct termination pay. | 07-01-87 | 382.68 | 382.62 |

RETIREMENT APPLICATIONS - DECEMBER 1987

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Heath, Richard M. | 09-01-87 | Missoula | 6.22 | $274.45 | 57 |

## RETIREMENT LISTING

### ADJUSTMENTS - DECEMBER 1987

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Marshall, Norman A.<br>Adjustment due to the use of actual salary and termination pay. | 08-01-87 | $1,031.20 | $1,030.99 |
| Powell, Tom B.<br>Adjustment due to the use of actual termination pay. | 08-01-87 | 981.02 | 980.90 |
| Scott, Duane D.<br>Adjustment due to the use of actual termination pay. | 07-01-87 | 1,780.36 | 1,774.85 |

### RETIREMENT APPLICATIONS - JANUARY 1988

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Anderson, Howard | 01-01-88 | V.R. | 5.00 | $69.33 | 54 |
| Ballou, Jean C. | 08-01-78 | V.R. | 5.67 | 39.38 | 60 |
| Hawkins, William | 10-01-81 | V.R. | 20.28 | 342.58 | 54 |
| Koeppen, Grace | 01-01-88 | Missoula | 23.32 | 1,125.93 | 60 |
| Lozano, Edgardo | 01-01-88 | M.S.U. | 22.67 | 999.24 | 63 |
| Maroney, Gary M. | 01-01-88 | Silver Bow | 26.03 | 976.82 | 46 |
| McGowan, Jack W. | 01-01-88 | Madison | 44.02 | 1,749.81 | 67 |
| Mode, Charles | 01-01-88 | M.S.U. | 10.64 | 133.00 | 60 |
| Nuxoll, Jane | 09-01-86 | V.R. | 11.00 | 110.00 | 60 |
| Scarr, Laverde | 07-01-83 | V.R. | 19.00 | 414.32 | 51 |

### SURVIVOR APPLICATIONS - JANUARY 1988

| | EFFECTIVE DATE | COUNTY | SERVICE | AMOUNT | AGE |
|---|---|---|---|---|---|
| Houlton, Ann | 05-01-87 | M.S.U. | 29.00 | $1,269.78 | 64 |
| Survivor of Harold R. Houlton | | | | | 60 |

RETIREMENT LISTING

ADJUSTMENTS - JANUARY 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Clawson, Verda<br>Adjustment due to the use of correct salary and termination pay. | 07-1-87 | $906.23 | $903.12 |

# TEACHERS' RETIREMENT BOARD MEETING

## MAY 13, 1988

The meeting was called to order by Chairman Burke at 9:00 a.m. in the office of the Teachers' Retirement System.

Those in attendance were:

Jim Burke, Chairman
LeRoy Corbin, Active Teacher
Virginia Egli, Active Teacher
J. Thomas Ryan, Retired Member
Edward F. Argenbright, Ex-Officio OSPI
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Legal Counsel

Chairman Burke noted that Mr. Kearns had called and stated he would arrive at about 9:30 a.m. The Chairman also noted that Tug Ikeda was present representing the Cascade County Superintendent's office.

Approval of the minutes of February 19, 1988. The Chairman asked if there were any corrections or additions to the minutes as presented by the Executive Secretary. Mr. Ryan moved for approval of the minutes, Mr. Argenbright seconded the motion, which passed unanimously.

Financial Statement, Budget Report, and Investment Report. The Executive Secretary spoke briefly on the financial statements. He called the Board's attention to the new projections regarding the status of the 1988 budget. We had been projecting a deficit for FY 88 of approximately $3,000.00, however, as a result of lower than anticipated data processing and rental expenditures, we were now projected to break even. Mr. Corbin asked for clarification between the yield shown on the Investment Report and the short term rates used to set interest rates paid on the member's accounts. The Executive Secretary explained that short term rates earned by the Board of Investments in FY 87 are on statewide short term pools managed by the Board. The yields to date shown on the Investment Report are the yields for the Teachers' Retirement System on various long term investments. He explained that the rate of interest paid on member's accounts has historically been set at a rate close to that earned on the short term pools, thus providing members with a fair rate of return on their contributions, should they elect to withdraw. The Chairman noted that the interest rates for FY 88-89 were to be reviewed later on the agenda and asked that any discussion be postponed.

Executive Secretary's Report. The Executive Secretary reported that School District No. 1, Great Falls, had been ordered by the 9th District Court to pay the employer contributions due under Option I for two members who had retired July 1, 1987. Based on this ruling, the Great Falls School Board has adopted a resolution to pay the employer contributions due, plus interest, for all employees who had received termination pay since June 30, 1987. The offer of the School Board expires August 15, 1988. The Executive Secretary noted that the resolution also calls for a written administrative acceptance by the Teachers' Retirement Board. He stated that he did not believe it proper for the Board to approve or provide written acceptance of a School Board resolution. He advised, that on behalf of the Teachers' Retirement Board, he and Beda Lovitt write the School Board and explain the Board's policy regarding Mr. Henneberg and Mr. Spindler and that the Board will apply the same policy to all members affected by the School Board's resolution provided the contributions due under Option I, plus the interest these contributions would have earned had they been paid, are received by the Teachers' Retirement System. Mr. Corbin moved that the Executive Secretary be authorized to write the School Board on behalf of the Teachers' Retirement Board explaining the Board's policy and procedures. Mr. Ryan seconded the motion, which passed unanimously.

The Executive Secretary then explained that he, Mrs. Harrington, and Mr. Kearns had met with Dana Glatz of WESCO and discussed the alternatives available to the Teachers' Retirement System regarding expanded usage of our data processing equipment. The Executive Secretary recommended that before any new projects are undertaken, a comprehensive study be completed to determine the best system designed for our operation. WESCO has estimated a study would cost approximately $15,000.00. After a brief discussion, it was thought that a study to review and recommend a data processing system for the Teachers' Retirement System could possibly benefit all Montana Public Retirement Systems. Mr. Kearns joined the meeting at this time. Mr. Argenbright moved that $7,500.00 be authorized from the Minnie Fullam Fund and that the Executive Secretary contact the PERS Board, inviting them to participate and share in the cost of the study. The motion was seconded by Mr. Ryan and carried unanimously.

After the Board had reviewed the remainder of the Executive Secretary's Report, Mr. Ryan moved that the Executive Secretary be authorized to acknowledge, on behalf of the Teachers' Retirement Board, Sharon McCabe, Donovan Schmidt, Jean Boucher, and Karla Rinehart for the excellent job they had done in reconciling the federal income tax withheld with the 1985 W-2P's. Mr. Corbin seconded the motion, which passed unanimously. Mr. Ryan then moved to accept the Executive Secretary's Report, Mrs. Egli seconded the motion, which carried unanimously.

Old Business:

The Administrative Rules. The Executive Secretary presented three administrative rules to the Board and recommended that they be noticed for adoption without public hearing; CREDITABLE SERVICE FOR ABSENCE WITHOUT PAY, 2.44.403 REDEPOSIT OF AMOUNTS WITHDRAWN, and 2.44.510 ADJUSTMENT OF BENEFITS. Mr. Corbin moved that the rules as presented by the Executive Secretary be noticed for adoption without public hearing. Mr. Kearns seconded the motion which carried unanimously.

Legislation. The Executive Secretary presented a recommendation from the System's actuary regarding proposed legislation for transfers between the Teachers' Retirement System and the Public Employees' Retirement System. He reviewed the recommendation with the Board and explained the differences between the current law and the proposed changes.

School Nurses. The Executive Secretary explained the procedure that had been followed regarding school nurses hired before July 1, 1987, who wished to transfer to the Teachers' Retirement System from PERS. He stated the policy had been to require that both the employee and employer contribute the contributions that would have been made to the Teachers' Retirement System, plus the interest that would have been earned had the school nurse position been reported to TRS originally. He stated that Janice Simpson, school nurse for Glendive Public Schools, had requested a transfer but had not understood the policy. It has been proposed to Mrs. Simpson that if she did not wish to continue her participation in the Teachers' Retirement System, because of this misunderstanding, she would be allowed to transfer back to PERS.

New Business:

Interest Rate: The Chairman noted that the review of the financial reports had been held open so discussion regarding interest rates could continue at this point. The Executive Secretary reviewed the past policy of the Board regarding interest rates credited to member's accounts. After a brief discussion, Mr. Kearns moved to retain the current rates of 7% on member's accounts and 8% on the tax sheltered annuity for the 1988-89 fiscal year. Mr. Corbin seconded the motion, which passed unanimously. Mr. Corbin then moved for acceptance of the Financial Statements, Budget Report, and Investment Report. Mr. Argenbright seconded, the motion, which carried unanimously.

Matilda Grosse. At this time Mrs. Matilda Grosse joined the meeting. Mrs. Grosse retired effective July 1, 1986 and did not, until recently, notify our office that she had been a substitute teacher during the school years 1968-69 through 1973-74. Even though she was employed for more than 30 days in each school year, School District No. 1, Great Falls, failed to report Mrs. Grosse as required by State law and Board policy. Mrs. Grosse has asked that she now be allowed to make the

contributions that should have been reported and have her benefits recalculated using an additional 2.59 years of membership service, retroactive to July 1, 1986. Mrs. Grosse is a retiree and as such ceases to be a member of the Teachers' Retirement System. Therefore, the school board may argue that they are no longer liable to pay their share because only a member has a right to qualify additional creditable service. Unless both the employee and employer contributions, plus interest, are received by the Teachers' Retirement System, any adjustments in benefits would not be funded. The case may also be made that Mrs. Grosse should have known of her rights to qualify substitute teaching service because the information has been available through member handbooks and at retirement presentations. However, the Executive Secretary recommended that if the employee and employer contributions are paid, that Mrs. Grosse be allowed to qualify her substitute teaching service and benefits be adjusted retroactive to July 1, 1986. Mrs. Grosse stated that she did not know that she was eligible to qualify her substitute teaching service at the time she was an active member but stated that she would be willing to pay the employee contributions plus interest at this time provided her benefits would be adjusted retroactive to her retirement effective date. After a brief discussion, Mr. Ryan moved that Mrs. Grosse's request to purchase her substitute teaching service be approved, provided both the employee and employer contributions, plus interest, are paid the Teachers' Retirement System and that her monthly benefits be adjusted retroactive to her effective date. Mr. Argenbright seconded the motion, which carried unanimously.

Lang Etal vs. Great Falls School District. By order of the 9th Circuit Court of Appeals, the Great Falls School District has been ordered to pay back wages to Don Lang, Kenneth Beck and the Estate of Michael Erickson in the following sums: Lang, $25,475.00, Beck, $9,199.00, and the Estate of Mr. Erickson, $16,332.00. The policy of the Teachers' Retirement Board regarding contributions due on back wages has been to require that the contributions be paid at the rates in effect when the wages should have been paid. However, given the fact that the members did not have use of the money, the Executive Secretary suggested to Mr. Strause that a request be made to the Teachers' Retirement Board to waive the interest due. Instead, Mr. Strause responded that he would petition the Teachers' Retirement Board to accept one of two proposals; 1) that all of the income received be reported as earned compensation in 1988 and contributions be computed at the rate of 7.044%, or 2) none of the lump sum payments being received by his clients be considered as earned compensation. Under the Board's current proposal, if a member does not contribute the contributions due, they will receive no additional service credit nor will the increased salaries be used in the calculation of retirement benefits. Mrs. Egli asked if it would be required that all affected members pay their contributions, or would this be an individual decision. The Executive Secretary explained that it would be an individual decision. Mr. Corbin then moved that the

interest due on employee's contributions be waived, however, the motion died for lack of a second.

Recalculation of Retirement Benefits After Re-Employment. The Executive Secretary explained this special situation arises when a reactivated member retires for the second time after having used termination pay in the calculation of the original benefit. Because the additional benefit provided by the termination pay is again made available to the retiring member, it is important that this additional benefit be considered in the recalculation of the retirement benefits. The System's actuary has recommended that we calculate the retirement benefits without giving consideration to the previous termination pay. After calculating this benefit, the additional benefit provided by the original termination pay would then be added. This approach would be simple, equitable, and have no actuarial cost implications. The Executive Secretary recommended that the actuary's proposal be adopted through the administrative rules process. The Chairman directed the Executive Secretary to proceed with the administrative rule process.

NCPERS Conference Report. Mr. Kearns commented that Mary Harrington was re-elected to the executive committee and asked if she could be allowed time to attend the meetings required of her position. The Executive Secretary responded that State policy allows employees the time to attend meetings or functions that will benefit the State of Montana. He recommended that employees be granted time within the normal work schedule to attend meetings but not granted compensatory time for additional time required. Mr. Kearns also mentioned that there was a national movement toward the acceptance of 30 years as the bench mark for measuring the amortization of a system's unfunded liability. Mrs. Harrington continued the report by stating that many retirement systems are participating in legislative workshops which review federal legislation and adopt recommendations. She stated that she would like to see the Montana Teachers' Retirement System become more involved in the future. Two issues the National Conference is currently working on are the age 70 1/2 distribution rule and mandatory medicare. Mrs. Harrington then briefly reviewed the many workshops she had attended and answered questions of the Board.

Selection of Delegates to the NCTR Conference. The Chairman noted that Mr. Ryan and Mr. Senn were scheduled to attend. After a brief discussion, the Chairman directed that Mr. Ryan and Mr. Senn represent the Montana Teachers' Retirement System at the 1988 NCTR Conference.

Approval of Application and Retirement Benefits. The Board briefly reviewed the applications for regular retirement, survivor benefits, and adjustments. Mr. Kearns moved for acceptance of the applications and adjustments. Mr. Corbin seconded the motion, which carried unanimously.

Disabilities:

Patricia Ann Barney. After a brief review of the application and attending physician's statement, Mr. Argenbright moved for approval of the disability retirement. Mr. Kearns seconded the motion, which carried unanimously.

Ann V. Shesne. After a lengthy review of the application and attending physician's statement, Mr. Corbin moved for approval of the disability with review in 6 months. Mr. Ryan seconded the motion. Following a brief discussion, the motion was withdrawn. Mr. Argenbright then moved to deny the application for disability retirement, however, the motion died for lack of a second. Virginia Egli then asked, if Mrs. Shesne's disability were denied, would she have a right for an administrative review. The Executive Secretary stated she could petition the Board to reconsider her application, providing additional documentation, or she could ask for a formal administrative hearing. Mrs. Egli then moved to deny the disability application. Mr. Argenbright seconded the motion, which carried unanimously.

William A. Wiedbusch. The Board reviewed the application and attending physician's statement regarding the disability of Mr. Wiedbusch. Mr. Ryan moved for approval. Mr. Corbin seconded the motion, which carried unanimously.

Jeannine E. Wilby. The Board reviewed the application for disability retirement and attending physician's statement. Mr. Corbin moved for approval. Mr. Kearns seconded the motion which carried unanimously.

Carol E. Schwahn. The Board reviewed the application and attending physician's statement. Mr. Corbin moved for approval. Mr Ryan seconded the motion, which passed unanimously.

Shirley J. Heppner. The Board reviewed the application and attending physician's statement. The Board concluded the attending physician's statement was vague regarding the permanent nature of the disability. Mr. Argenbright moved for approval conditional upon the Teachers' Retirement System receiving the doctor's statement clarifying if Mrs. Heppner was able to return to work. Mr. Ryan seconded the motion, which carried unanimously.

Bruce E. Blattner. The Board reviewed the application and attending physician's statement. Mr. Corbin moved for approval. Mr. Argenbright seconded the motion, which passed unanimously.

Barbara E. Schafer. The Board reviewed the application and attending physician's statement. Mr. Kearns moved for approval with review in February 1989. Mrs. Egli seconded the motion, which passed unanimously.

Next Meeting Date. After a brief discussion, the Chairman ordered the next meeting date for August 19, 1988, with a workshop scheduled for the afternoon of August 18th in which the Board would review it's goals and policies for the upcoming year.

Chairman

Executive Secretary

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - FEBRUARY 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | BENEFIT AMOUNT |
|---|---|---|---|---|---|---|---|
| Fitzpatrick, James W. | 01-01-88 | Lewis & Clark | 30.67 | 55 | $ 7,599.99 | I | $1,586.24 |
| Julian, Gordon R. | 07-01-87 | MSU | 27.11 | 59 | 5,875.95 | I | 1,521.29 |
| Murphy, Leland | 07-01-87 | Flathead | 23.00 | 54 | 1,123.46 | II | 777.27 |
| Tarrant, William | 02-01-88 | Silver Bow | 27.83 | 52 | 12,981.13 | I | 1,545.08 |
| Waymire, Jesse | 02-01-88 | Lewis & Clark | 20.72 | 66 | 6,016.68 | I | 801.37 |

## SURVIVOR APPLICATIONS - FEBRUARY 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | BENEFIT AMOUNT |
|---|---|---|---|---|---|---|---|
| Hersrud, Jerry Lee | 12-01-87 | Stillwater | 14.84 | 47 | $ 0.00 | III | $ 487.67 |
| Survivor of Stafford Hersrud | | | | 53 | | | |

## ADJUSTMENTS - FEBRUARY 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Hersrud, Jerry Lee<br>Adjustment due to use of leave time purchased. | 12-01-87 | $ 487.67 | $ 553.40 |
| Howlett, Jean E.<br>Adjustment due to use of additional creditable service. | 07-01-80 | 239.44 | 247.80 |
| Maltby, Ann M.<br>Adjustment due to use of correct salary for the 1986-1987 school year. | 07-01-87 | 921.00 | 925.04 |
| Scarr, Laverde<br>Adjustment due to use of the correct termination pay. | 07-01-83 | 414.32 | 425.31 |

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - MARCH 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | BENEFIT AMOUNT |
|---|---|---|---|---|---|---|---|
| Becker, Bertha | 02-01-88 | Blaine | 13.91 | 60 | $ 0.00 | III | $ 535.42 |

## SURVIVOR APPLICATIONS - MARCH 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | BENEFIT AMOUNT |
|---|---|---|---|---|---|---|---|
| Garland, Jane M.<br>Survivor of Idris Evans | 02-01-88 | U of M | 33.54 | 55<br>58 | $ 4,454.42 | II | $1,572.56 |
| O'Leary, Sue<br>Survivor of F. Patrick O'Leary | 03-01-88 | Lewis & Clark | 24.71 | 47<br>50 | 7,768.68 | I | 1,433.15 |
| Wilcox, Janet M.<br>Survivor of Leslie E. Wilcox | 01-01-88 | Yellowstone | 19.44 | 42<br>41 | 4,542.27 | I | 823.27 |

## ADJUSTMENTS - MARCH 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Ashby, A. Lucille<br>Adjustment due to change from Option A to Normal Form. | 07-01-87 | $1,210.26 | $1,204.76 |
| Cameron, Delpha<br>Adjustment due to use of correct salary due to extra duty worked for the 1986-1987 school year. | 07-01-87 | 393.00 | 393.74 |
| Correll, Richard<br>Adjustment due to use of correct salary for the 1986-1987 school year. | 07-01-87 | 1,809.54 | 1,810.79 |
| Deschamps, Kathleen<br>Adjustment due to use of correct salary due to personal leave for the 1986-1987 school year. | 07-01-87 | 414.16 | 411.89 |

RETIREMENT LISTING

ADJUSTMENTS - MARCH 1988 (CONTINUED)

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Lloyd, Joan M.<br>Adjustment due to use of correct salary due to personal leave for the 1986-1987 school year. | 07-01-87 | $876.72 | $874.52 |
| Murphy, Leland<br>Adjustment due to change from Option A to Normal Form. | 07-01-87 | 777.27 | 905.49 |

RETIREMENT APPLICATIONS - APRIL 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | BENEFIT AMOUNT |
|---|---|---|---|---|---|---|---|
| Bradford, William L. | 03-01-88 | Missoula | 27.53 | 53 | $ 9,941.08 | I | $1,480.29 |
| Cooper, Thelma I. | 04-01-88 | Jefferson | 23.89 | 50 | 0.00 | III | 637.12 |
| Holliday, Gilbert F. | 04-01-88 | U of M | 22.00 | 60 | 4,959.57 | I | 765.[illegible] |
| Pilati, Paul | 10-01-81 | V.R. | 18.00 | 54 | 0.00 | III | 209.14 |
| Rhodes, Harry W. | 04-01-88 | V.R. | 6.00 | 60 | 0.00 | III | 138.15 |

ADJUSTMENTS - APRIL 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Henneberg, Ron R.<br>Adjustment due to use of Option I with regard to termination pay. | 07-01-87 | $1,834.02 | $1,937.67 |
| Raab, Gerald E.<br>Adjustment due to error in reporting of drivers education salary in wrong year. | 07-01-87 | 2,087.51 | 2,075.91 |
| Randall, Howard R.<br>Adjustment due to use of actual salary for 1986-1987 school year. | 07-01-87 | 1,272.27 | 1,270.90 |

RETIREMENT LISTING

ADJUSTMENTS - APRIL 1988 (CONTINUED)

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Sherman, Don H.<br>Adjustment due to use of actual salary for 1986-1987 school year. | 07-01-87 | $1,220.85 | $1,228.28 |
| Smith, Carol C.<br>Adjustment due to early reduction factor not utilized in calculation. | 07-01-87 | 742.48 | 720.21 |
| Spindler, Ray G.<br>Adjustment due to use of Option I with regard to termination pay. | 07-01-87 | 1,735.03 | 1,832.29 |

CANCELLATION OF BENEFITS FOR DISABILITY RETIREES NOT PROVIDING REQUIRED DOCUMENTATION - MAY 1988

| | EFFECTIVE DATE | BENEFIT AMOUNT |
|---|---|---|
| Adam, Sylvia L. | 02-01-85 | $656.85 |
| Hoover, Sharon M. | 07-01-86 | 802.61 |
| Jennings, Paul J. | 07-01-86 | 424.56 |
| Schaefer, Katherine | 07-01-86 | 487.58 |

## EXECUTIVE SECRETARY'S REPORT

School District No. 1, Great Falls has been ordered by District Judge John McCarvel to pay the employer contributions due plus interest on termination pay under Option I for Ronald Henneberg and Ray Spindler. Mr. Henneberg's monthly benefit will increase from $1,834.00 per month to $1,937.62. Mr. Spindler's benefit will increase from $1,735.03 to $1,832.29. The benefit increases will be retroactive to their retirement effective date of July 1, 1987. We have received both the employee and employer contributions due under Option I, plus the interest these contributions would have earned had they been made at the time of retirement. Because of Judge McCarvel's order, we are receiving numerous inquiries from other members, who believe School District No. 1, Great Falls, had refused to make the contributions due under Option I. We are responding that if they also receive a court order requiring that the contributions plus interest due under Option I be paid the Teachers' Retirement System, their benefits will be adjusted retroactive to their retirement effective date.

Bill Kearns, Mary Harrington and myself met with Dave Glatz of WESCO and members of his staff. WESCO provides data processing software design and support. They recently completed a major project for the Board of Investments, which uses PC's extensively. We met with them to review what type of services they could provide us in the future once we have finalized our current data processing system and we are ready to start looking into ways to further enhance our usage of the PC's. Some things I would like to see the PC's used for are; calculating the cost to qualify additional service credit, automation of cash forecasting and cash flow reporting to the Board of Investments, and electronic reporting by school districts. If these are goals the Board would also like to achieve, we will be ready to start developing these ideas sometime after the 1989 legislative session.

In April, TIAA-CREF advised Dave Evenson, of the Commissioner's Office of Higher Education, that the information regarding IRS rollover provisions given to members eligible for the optional retirement plan was incorrect. Members were told that if they withdrew their TRS accounts they could rollover the taxable amount they received into another qualified plan and avoid any state or federal taxes. TIAA-CREF believes this information to be in error, since the members did not terminate their employment with the university system. However, the members could have requested the Teachers' Retirement System transfer their accounts directly to another qualified plan. At the request of the university system and TIAA-CREF, I have agreed to allow members to return the refund they received. We will then transfer their account to another qualified plan and issue a corrected 1099-R.

I invited representatives of several organizations, who represent employees and employers, to meet with me to review the issue of members receiving large increases in salary in their final years before retirement, resulting in increased and underfunded retirement benefits. We met on Friday, April 29, 1988. Those in attendance were Tom Bilodeau, MEA, Dave Evenson, Commissioner of Higher Education, and Dan Evans and Arnie Silverman, Montana Federation of Teachers. We reviewed the legislative proposals that I had drafted and all were in agreement that the problem was serious and were supportive of the Board's efforts to try to find legislation to control the practice. However, they were very concerned with how such legislation would be administered and were opposed to limiting the use of salaries in the calculation of average final compensation for ordinary and usual activities, such as summer school teaching, coaching, drivers education, etc. When you look at the overall funding of the Teachers' Retirement System this makes sense, because these positions are always filled by someone and the Teachers' Retirement System has been receiving contributions to fund benefits. The fact that the person who received the enhancement in benefits only held the positions in their final years isn't unusual. Early retirement at 25 years with no actuarial reduction is an example in which a few receive a benefit enhancement for which all members contribute. The problem is how do we distinguish between and increase in salary resulting from holding a position which has always contributed to the funding of benefits and an increase in salary that may only exist until the member retires. I will continue to work with organizations concerned with this problem and try to develop legislation that will resolve the funding concerns of the Teachers' Retirement Board without adversely impacting the benefits of the average member.

On April 13, 1988, the Legislative Finance Committee approved the budget amendment request for the Teachers' Retirement System to add a benefit analyst position and additional funding for data processing maintenance and enhancements. We have begun work on those enhancements and maintenance that are required for fiscal year end. Janet Hatcher, Accounting Clerk III, was promoted to the benefit analyst position and we are currently advertising her position. We have had one other change in staff since the last Board meeting. Monica Miller left the deposit desk for a position with SRS and Debbie McRae has been hired to fill this position.

The Office of Budget and Program Planning is recommending to the Governor's office that all requested modifications for the Teachers' Retirement System, with the exception of the request to send additional Board members to annual conferences, be approved.

Following our last meeting, Alve Thomas, President of the Montana Retirement Teachers Association was able to acquire cards promoting his association, which were included with the April monthly benefit payments.

# TEACHERS' RETIREMENT BOARD MEETING

August 19, 1988

The meeting was called to order by Chairman Burke at 9:05 a.m. in the Director's main conference room, Department of Natural Resources. Those in attendance were:

Jim Burke, Chairman
LeRoy Corbin, Vice Chairman
Virginia Egli, Active Teacher
J. Thomas Ryan, Board Member
William Kearns, Board Member
Edward F. Argenbright, Ex-Officio, OSPI
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Chief Legal Counsel

Guests:
John C. Bhend, Field Rep. Mont. Federation of Teachers
Noel Furlong, MEA, Retired
Tom Bilodeau, MEA
Don Lang, Teacher, Great Falls
Bob Anderson, Montana School Board Association

Approval of minutes of May 13, 1988. The Chairman asked if there were any corrections or additions to the minutes as presented by the Executive Secretary. Seeing none, Mr. Ryan moved for acceptance and approval of the minutes, Mr. Kearns seconded the motion which passed unanimously.

Election of Officers. Chairman Burke asked for nominations for chairman. Mr. Ryan nominated LeRoy Corbin. The motion was seconded by Mr. Argenbright. Mr. Kearns then moved that nominations be closed, seconded by Mr. Argenbright. The motion to nominate LeRoy Corbin Chairman of the Montana Teachers' Retirement Board passed unanimously. Mr. Corbin took over the position as chairman of the Teachers' Retirement Board and called for nominations for Vice Chairman. Mr. Ryan nominated Bill Kearns, the motion was seconded by Mrs. Egli. Mr. Burke then moved that nominations be closed. The motion was seconded by Mr. Argenbright. The motion to nominate Bill Kearns as Vice Chairman of the Teachers' Retirement Board passed unanimously.

Financial Statements, Budget Report and Investment Report. Chairman Corbin introduced Dave Lewis and Jim Penner of the Board of Investments. Mr. Lewis explained the method and philosophy used in determining investment fees charged to the Teachers' Retirement System. Mr. Lewis explained that the investment fees for the 1987-88 fiscal year were approximately $327,000. The estimated fees for 1988-89 fiscal year are $256,000. He explained the decrease was caused primarily by the

reproportioning of fees charged to agencies using the short term investment pool with a larger percentage of the administrative fee charged to those agencies. Mr. Lewis compared the rates charged by the Board of Investments to those charge by an outside money manager, explaining that the Board of Investments cost averaged approximately 5 basis points as compared to 29 basis points for a private money manager. Mr. Kearns pointed out that in the 1986-87 fiscal year the investment fees charged the Teachers' Retirement System were approximately $125,000 and when compared to fiscal year 1988 and 1989, there had been a significant increase in the fees charged. Mr. Lewis explained that in the past a much larger portion of the total administrative fee had been charged to the STIP Pool, resulting in a disproportionate share of the cost being absorbed by those users. The Legislative Auditor had recommended that the cost allocation system used by the Board of Investments be revised to more accurately reflect the cost of providing each type of investment service. Mr. Penner then reviewed the investment policy of the Board of Investments. He stated that the Board has only recently started to diversify the portfolio and invested in lower grade bonds and Venture Capital. He stated that the Board is also starting to look at real estate equities. He discussed the impact of the October 19th crash on the Teachers' Retirement System, stating that at the time of the crash the System had only about 10% of their total assets invested in common stock and had been sitting on a very large cash pool. Because of this position, they were able to aggressively move into the market and purchase many issues that they had been watching. He stated that the crash had not had a negative impact on the yields of the Teachers' Retirement System, in fact, they had realized a gain on many of the issues purchased following the market decline. He stated that the investment income yield for FY 1987-88 would be approximately 9.5%. Mr. Corbin expressed the Board's appreciation for their willingness to take the time to meet with the Teachers' Retirement Board.

Chairman Corbin then asked the Board to review the 1990-91 Biennium Budget as prepared by the Assistant Executive Secretary. The Board briefly reviewed the Budget Report as presented. Mr. Kearns then moved that the financial statement, budget report and investment report be approved as presented. Mrs. Egli seconded the motion which carried unanimously.

Mr. Kearns then moved that representatives from the Board of Investments be asked to attend the Teachers' Retirement Board meetings in February and August of each year. Mr. Burke seconded the motion which passed unanimously.

Executive Secretary's Report. Following a brief discussion with the Board regarding each item in the Executive Secretary's Report, Mr. Ryan moved for acceptance. The motion was seconded by Mr. Kearns and passed unanimously.

Old Business. Contributions due on retroactive wages, Donald Lang. The Executive Secretary briefly reviewed the facts surrounding the petition filed by MEA on behalf of Mr. Lang. He explained that on August 18, 1988 the Teachers' Retirement System had received a letter from Emilie Loring on behalf of MEA requesting that the Board waive the requirement that contributions due on retroactive wages be paid at the rates in effect for the period when wages should have been paid, plus the interest the contributions would have earned had they been on deposit. Mr. Lang had been awarded a retroactive wage settlement on February 24, 1987, in the amount of $25,474.00. The Executive Secretary explained that if the Board were to change their policy, as proposed by MEA, to consider the entire payment as wages in the year paid, Mr. Lang's average final compensation would be greatly enhanced resulting in a significantly larger benefit accrual which would be completely underfunded. The Executive Secretary explained that the beneficiary of another member of the TRS who was also party to this award and is since deceased would receive no enhancement in current benefits if the settlement was considered wages in the year actually paid. Under the Board's current policy, the beneficiary's monthly benefit would be adjusted retroactive to the date of death and recalculated using the higher average final compensation based on the wages that should have been paid. The Executive Secretary stated that another alternative to the current policy would be to treat all lump sum settlements as termination pay. However, contributions required under termination pay, Option I, could greatly inflate the employer's cost of such settlements. Mr. Tom Bilodeau, MEA, explained in some detail the history behind Mr. Lang's award for retroactive wages. Mr. Lang, himself, then spoke to the issue regarding his retroactive payment, his Viet Nam service and the long ordeal that he had been enduring over the past several years. Mr. Bilodeau reviewed the letter the Board received on August 18, 1988 from Emilie Loring, MEA attorney. Mrs. Loring stated in her letter that she had found no statutory authority for the position taken by the Teachers' Retirement Board, that there had not been an administrative rule establishing such a policy and that the staff of the Teachers' Retirement System had not been able to provide a copy of minutes showing the application of this policy. Beda Lovitt stated that this is a long standing policy of the Teachers' Retirement Board but seldom used. The Board has the statutory authority to decide how to treat back pay and that all members must be treated alike. But I do not see how the Board could treat back pay as termination pay when the courts clearly defined the payment as wages.

Following a discussion between the Board members, Mr. Lang and Mr. Bilodeau, Mr. Ryan stated that if no precedent was being established he would move to approve Mr. Lang's request. Mrs. Egli seconded the motion. The motion was discussed at considerable length followed by the withdrawal of the motion by Mr. Ryan and withdrawal of the second by Mrs. Egli. Mr. Ryan then moved that the petition of Mr. Lang be further studied and

that a decision be made at the next scheduled meeting of the Teachers' Retirement Board. Mrs. Egli seconded the motion which carried unanimously.

New Business. Service credit error, Joyce Albertson. The Executive Secretary explained that the creditable service reflected on Mrs. Albertson's account was overstated by 1 year, 1 month. This overstatement was the result of her total years being incorrectly added in 1980 and reflected on her annual statement in error since that date. Mrs. Albertson was advised that her account had been overstated by 1 year in January 1988, when she had requested an estimate of retirement benefits. In May 1988, she was advised that the error was 1 year and 1 month. Mrs. Albertson stated that she had made her plans to retire and given notice to her employer in January, based on her previous statements, and was not advised of the error until after she had already resigned her position. She stated that she had relied upon the information provided by this office in planning her retirement and requested that the Board grant her the service credit as reflected on her previous statements. Mr. Corbin asked if she had not noticed that her total years of creditable service were overstated when this error was made in 1980 and had not she realized that she had been employed for less time than the total years reflected on her annual statement. Mrs. Albertson stated that she did not notice the error and she did not realize that her total years of creditable service with the Teachers' Retirement System had been overstated. After a brief discussion, Mr. Ryan moved to approve the petition of Mrs. Albertson to grant her retirement benefits based on the total years of creditable service reflected on her annual statement, upon which she had relied when terminating her position. Mr. Burke seconded the motion which passed unanimously.

Out-of-state service, Peter Koehn. The Executive Secretary briefly explained that Mr. Peter Koehn would like to be allowed to purchase out-of-state teaching service which had been performed outside the United States or its possessions. He explained that the Attorney General in 1978 ruled that members hired after July 1, 1971 may not purchase service outside of the United States or its possessions under the out-of-state teaching provision. Mr. John C. Bhend, MFT field representative, asked that the Board defer Mr. Koehn's request until the next meeting. There being no objection, Chairman Corbin ordered the request deferred until the next meeting.

Wage settlement for less than full-time, William Brown. The Executive Secretary explained that Mr. William D. Brown recently received a wage settlement relative to his layoff during the 1986-87 school year. The Teachers' Retirement System had received documentation provided by the attorney for the school

district stating that Mr. Brown received $10,523.20 out of a total possible contract settlement of $25,395.53, representing 77.5 total working days. Based on this documentation, Mr. Brown had been granted .43 years creditable service in the Teachers' Retirement System for the 1986-87 school year. The Executive Secretary referred the Board to a letter and documentation received from Mr. Brown on August 15, 1988, in which Mr. Brown contended that his agreement stated that he would receive full benefits. During the review of copies of the award and compromise settlement received from Mr. Brown, it was observed that complete documents had not been forwarded to the Board for their review. Based on this fact, the Board Chairman deferred the petition of Mr. Brown until the next regular meeting of the Teachers' Retirement Board and directed the Executive Secretary to request complete documentation from Mr. Brown.

Approval of Applications and Benefits. The Board briefly reviewed the applications for regular retirement, survivor benefits and adjustments. Mr. Burke moved for approval of the retirement applications, survivorships and adjustments as presented. Mr. Kearns seconded the motion which passed unanimously.

Disabilities.

Clyde C. Harshbarger. The Board reviewed the application and attending physician's statement. Mr. Burke moved for approval of the disability application of Mr. Harshbarger. Mr. Kearns seconded the motion which carried unanimously.

Katherine Ann Holland. The Board reviewed the application for disability retirement and physician's statement. Mr. Kearns moved for approval of the application for disability retirement of Katherine Ann Holland. Mrs. Egli seconded the motion which carried unanimously.

Aldon G. Shaefer. The Board reviewed the application and attending physician's statement for disability retirement. Mr. Burke moved for approval of the application for disability retirement. Mr. Argenbright seconded the motion which passed unanimously.

At 12:30 p.m. Chairman Corbin recessed the meeting for lunch.

The meeting was readjourned at 1:30 p.m. to review legislation relating to the Teachers' Retirement System. Those in attendance were:

David M. Bishop, School Administrator's of Montana
Phil Campbell, MEA
David Evenson, Commissioner of Higher Education
John C. Bhend, MFT Field Representative
Arnold J. Silverman, UTU-MFT, Missoula

Noel Furlong, MEA, Retired
Alve Thomas, Montana Retired Teachers' Association

Chairman Corbin asked the Executive Secretary to briefly recap each of the proposals currently being considered by the Teachers' Retirement Board and asked that those in attendance ask questions and to comment on each proposal as it was reviewed.

1. Increase the Minor Child Benefit.

   The purpose of this bill is to enhance monthly benefit paid to a minor child, until age 18, of deceased members and retirees of the Teachers' Retirement System. The increase would be from $100.00 to $200.00 per month, effective July 1, 1988.

2. Qualifying service for substitute teachers.

   The purpose of this act is to give members the opportunity to qualify substitute teaching service that may not have been covered under the Teachers' Retirement System. Thus acquiring a greater number of years of creditable service to be used in the calculation of retirement benefits.

3. Clarify and define first full years of teaching salary for Teachers' Retirement System.

   The purpose of the bill is to define the first full year's teaching salary used in the calculation to qualify creditable service when a member has only part-time service during the qualifying period as the salary he would have earned had his part-time service been full time.

4. Calculation of survivor benefits.

   The purpose of this act is to strike the reference to early retirement (19-4-802 MCA) in the teachers' retirement act regarding death benefits. If the early retirement provisions were applied the beneficiary's monthly benefit could be greatly reduced if the member died before age 60 or with less than 25 years of creditable service.

5. Transfer of service between TRS and PERS.

   The purpose of this act is to clarify the contributions and interest to be transferred between the Teachers' Retirement and the Public Employees' Retirement Systems and to require that the transferring member make additional contributions whenever an additional

liability results from the transfer of creditable service. In lieu of making additional contributions, a member may elect to receive fractional credit for the service transferred.

6. Calculation of average compensations for Teachers' Retirement System.

   The purpose of this legislation is to limit the amount of earned compensation used in the calculation of average final compensation so that each of the three years used in the calculation of benefits will not exceed the previous year by more than 10%. Any amount in excess of 10% may be used in the calculation of benefits as termination pay, as already provided by the Teachers' Retirement Act. If the member elects to use the amount in excess as termination pay under Option I, he and his employer will be required to make additional contributions to adequately compensate the system for the additional benefits received. This legislation allows for exceptions to increases in earned compensation in excess of 10% when included in a collective agreement.

David Bishop asked if the 10% cap on salaries used in the calculation of average final compensation would apply to members who left teaching positions to assume administrative responsibilities which resulted in an increase in salary greater than 10%. The Executive Secretary replied that yes the cap would apply to those individuals, that by receiving such an increase in compensation there is created an unfunded liability in the Teachers' Retirement System should the member retire, become disabled or die.

Legislation proposed by the Retired Teachers' Association.

1. Automatic Benefit Increase Based Upon the consumer Price Index.

   The annual benefit increase will be determined as follows:
   1/3 x (CPI - 3%) x 1/2 of the average monthly benefit, reduced for less than 30 years of creditable service; the maximum benefit increase will be limited to 3%; and retired at least 3 years and be at least age 60, or receiving a survivor or disability benefit.

or

2. Automatic Benefit Increased Representing a Distribution of Investment Earnings on Assets Attributable to Retirees.

Earnings in excess of the rate of return required to fund benefits would be distributed to retirees as a monthly annuity, 8% is currently required to fund benefits.

The Board Chairman asked if there were any other proposals that anyone would like to share with the Board at this time. The Executive Secretary noted that any proposals that were received within the next month would be presented to the actuary to be reviewed and the cost of any proposals prepared by October 1, 1988.

Phil Campbell, MEA presented two proposals to the Teachers' Retirement Board that were going to be part of MEA's legislative agenda.

1. Allow the purchase of federal service under the out-of-state teaching provisions of the Teachers' Retirement Act. He stated that their goal is to allow members to purchase service performed for the Department of Defense schools.

2. Change the eligibility requirements to qualify service under the leave provision from 5 years following the break in service to 1 year.

Next meeting date. Chairman Corbin set November 14, 1988 as the next regular meeting for the Teachers' Retirement Board. Mr. Burke then moved to adjourn. Motion was seconded by Mr. Argenbright and passed unanimously.

Chairman

Executive Secretary

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - MAY 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Armstrong, John D. | 05-01-88 | V.R. | 20.76 | 49 | 0.00 | III | $ 585.96 |
| Beresford, Shirley F. | 05-01-88 | V.R. | 18.34 | 50 | $ 5,234.28 | II | 417.27 |
| Celar, John | 12-01-78 | V.R. | 8.14 | 55 | 0.00 | III | 82.10 |
| Holz, Donald M. | 08-01-87 | V.R. | 21.11 | 50 | 5,225.36 | III | 597.38 |
| Ringel, Rula H. | 05-01-88 | V.R. | 12.00 | 60 | 0.00 | III | 153.22 |
| Signori, Victor M. | 04-01-88 | E.M.C. | 32.00 | 55 | 11,091.51 | I | 1,626.21 |

## SURVIVOR APPLICATIONS - MAY 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Epling, Esther K.<br>Survivor of Glenwood Epling | 07-01-83 | M.S.U. | 5.00 | | | | 188.77 |
| Surwill, Benedict<br>Survivor of Frances Surwill | 10-01-87 | Yellowstone | 11.86 | 61<br>62 | 0.00 | | 556.40 |

## ADJUSTMENTS - MAY 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Bissell, Bernard<br>Use of actual salary for the 86-87 school year | 07-01-87 | $1,197.87 | $1,194.01 |
| Deming, Robert J.<br>Correct term pay figure utilized | 07-01-87 | 2,222.87 | 2222.72 |
| Follett, George D.<br>Use of corect salry for the 86-87 school year | 07-01-87 | 1,159.08 | 1,163.65 |
| Garland, Jane M.<br>Use of actual term pay (survivor of Idris W. Evans) | 02-01-88 | 1,572.56 | 1,572.64 |

# RETIREMENT LISTING

## ADJUSTMENTS - MAY 1988 (CONTINUED)

| | | | |
|---|---|---|---|
| Rafter, Gwen<br>Use of correct salary for the 86-87 school year | 07-01-87 | 1,002.42 | 1,034.21 |
| Waller, Edwin J.<br>Use of correct salary for the 86-87 school year | 07-01-87 | 1,673.93 | 1,664.32 |

## RETIREMENT APPLICATIONS - JUNE 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Harvey, K. William | 06-01-88 | Sanders | 38.00 | 60 | 0.00 | | $1,990.35 |
| McConnen, Richard | 06-01-88 | M.S.U. | 31.50 | 58 | $24,928.59 | I | 2,943.70 |
| Molland, Robert T. | 12-01-86 | V.R. | 7.00 | 60 | 0.00 | | 345.03 |
| Shesne, Ann V. | 09-01-87 | V.R. | 14.98 | 50 | 0.00 | | 260.[redacted] |

## SURVIVOR APPLICATIONS - JUNE 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Sharpard, George W.<br>Survivor of Martha Shapard | 10-01-86 | Yellowstone | 12.04 | 66<br>56 | $208.80 | II | $277.80 |

## ADJUSTMENTS - JUNE 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Grosse, Matilda<br>Adj. in benefits due to purchase of additional service | 07-01-86 | $ 148.29 | $ 180.94 |
| Hansen, Verna E.<br>Adj. due to use of term pay<br>Opt. I - Cascade County | 07-01-87 | 842.05 | 873.15 |

[redacted]

RETIREMENT LISTING

ADJUSTMENTS - JUNE 1988 (CONTINUED)

| | | | |
|---|---|---|---|
| Hogenson, Lowell<br>Adj. due to use of term pay<br>Opt. I - Cascade County | 07-01-87 | 1,411.41 | 1,457.55 |
| Hoover, Orville L.<br>Adj. due to use of term pay<br>Opt. I - Cascade County | 07-01-86 | 1,179.29 | 1,211.33 |
| Kildahl, Marvin<br>Adj. due to use of term pay<br>Opt. I - Cascade County | 07-01-86 | 2,045.00 | 2,165.18 |
| Simon, Emily<br>Adj. for use of correct salary<br>for 86-87 school year | 07-01-87 | 1,336.24 | 1,337.88 |
| Taylor, Howard<br>Adj. due to use of term pay<br>Opt. I - Cascade County | 07-01-87 | 1,415.54 | 1,458.75 |

RETIREMENT LISTING

RETIREMENT APPLICATIONS - JULY 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Albertson, Joyce | 07-01-88 | Cascade | 31.44 | 66 | $ 3,133.42 | I | $1,464.38 |
| Albright, Janice S. | 07-01-88 | Liberty | 25.00 | 47 | 13,153.50 | III | 900.60 |
| Anderson, Patricia | 07-01-88 | Gallatin | 34.06 | 60 | 11,788.05 | I | 1,448.92 |
| Badt, J. Henry | 07-01-88 | Ravalli | 31.00 | 55 | ---- | --- | 1,838.19 |
| Bakken, Betty | 07-01-88 | Sheridan | 21.19 | 68 | ---- | --- | 742.30 |
| Bandelier, Nellie | 07-01-88 | Beaverhead | 26.77 | 58 | 20,701.67 | I | 1,472.52 |
| Barnhart, David M. | 07-01-88 | Yellowstone | 27.75 | 55 | 6,358.63 | I | 1,324.97 |
| Bauer, Roger E. | 07-01-88 | Yellowstone | 26.05 | 54 | 9,135.65 | I | 1,367.68 |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Becker, Leonard | 07-01-88 | Park | 26.00 | 53 | 9,765.00 | III | 1,020.13 |
| Bell, Glenda | 07-01-88 | Yellowstone | 27.00 | 50 | 4,075.70 | I | 1,446.93 |
| Bergman, James D. | 07-01-88 | Cascade | 34.58 | 57 | 7,433.60 | I | 2,012.37 |
| Berry, Dale E. | 07-01-88 | Ravalli | 25.00 | 49 | ---- | --- | 1,038.60 |
| Billquist, Avalon F. | 07-01-88 | Deer Lodge | 34.00 | 62 | ---- | --- | 1,137.67 |
| Boehs, Barbara | 07-01-88 | Big Horn | 25.00 | 57 | 12,800.44 | I | 1,094.99 |
| Brett, Ken C. | 07-01-88 | U of M | 30.75 | 57 | 6,361.65 | I | 1,225.61 |
| Brody, Geraldine | 07-01-88 | Rosebud | 7.61 | 62 | ---- | --- | 203.37 |
| Brosten, Einar | 07-01-88 | L & C | 33.75 | 58 | 18,352.48 | I | 2,136.68 |
| Bryan, Charles A. | 07-01-88 | U of M | 25.44 | 52 | 8,254.32 | I | 1,335.89 |
| Buck, Fay L. | 07-01-88 | Teton | 35.22 | 61 | ---- | --- | 1,217.45 |
| Burlingame, Larry | 07-01-88 | Missoula | 38.00 | 61 | 3,000.00 | I | 1,787.5[redacted] |
| Burt, Victor D. | 07-01-88 | MT Tech | 33.02 | 57 | 16,297.00 | I | 2,500.[redacted] |
| Calvert, Larry M. | 07-01-88 | Lincoln | 23.00 | 53 | 3,857.76 | I | 729.64 |
| Campbell, Dorothy | 07-01-88 | MSU | 11.97 | 59 | 4,813.95 | I | 348.84 |
| Campbell, Henry C. | 07-01-88 | MSU | 39.00 | 62 | 7,455.23 | I | 1,765.48 |
| Carpenter, Harvey | 07-01-88 | Sheridan | 40.00 | 62 | ---- | --- | 1,478.54 |
| Carter, Patricia | 07-01-88 | Flathead | 25.00 | 53 | 10,000.00 | III | 919.63 |
| Case, Arline R. | 07-01-88 | Missoula | 25.00 | 61 | 3,874.00 | I | 1,037.68 |
| Chessin, Meyer | 07-01-88 | U of M | 41.18 | 67 | 7,638.84 | I | 2,480.33 |
| Cowan, Anne M. | 07-01-88 | MSU | 16.67 | 65 | 4,303.23 | III | 806.18 |
| Dale, David W. | 07-01-88 | Lake | 25.00 | 51 | 5,000.00 | III | 853.02 |
| Dunsmore, Roger | 07-01-88 | MSU | 25.00 | 50 | 5,797.04 | I | 1,016.98 |
| Eakman, Frances | 07-01-88 | MSU | 27.17 | 62 | 5,808.88 | I | 970.82 |
| Easton, Evelyn | 07-01-88 | Yellowstone | 27.86 | 55 | 5,690.60 | I | 1,105.[redacted] |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Easton, Helen D. | 07-01-88 | Yellowstone | 30.55 | 56 | 2,618.64 | I | 1,186.58 |
| Eaton, Dellas G. | 07-01-88 | Cascade | 33.50 | 56 | 2,863.72 | I | 1,567.72 |
| Eccleston, Marva | 07-01-88 | Deer Lodge | 30.39 | 62 | ---- | --- | 1,091.88 |
| Elser, C. Wayne | 07-01-88 | Teton | 36.00 | 59 | ---- | --- | 1,299.97 |
| Erbe, Carol | 07-01-88 | Yellowstone | 25.00 | 45 | 3,325.93 | I | 1,001.42 |
| Erickson, Joanne | 07-01-88 | Missoula | 25.89 | 59 | 3,000.00 | I | 1,021.35 |
| Estes, Audelle | 07-01-88 | Gallatin | 25.00 | 59 | 6,653.72 | I | 1,080.82 |
| Everett, Eileen | 07-01-88 | Deer Lodge | 30.89 | 64 | ---- | --- | 1,132.86 |
| Ewald, Marlyn | 07-01-88 | Yellowstone | 17.22 | 65 | 973.88 | III | 645.37 |
| Feldt, Jean S. | 07-01-88 | Beaverhead | 30.00 | 62 | 10,987.41 | I | 1,318.88 |
| Ferrell, James K. | 07-01-88 | Lake | 30.00 | 58 | ---- | --- | 1,042.03 |
| Fikani, Tom H. | 07-01-88 | Gallatin | 26.67 | 57 | 15,441.00 | I | 1,659.50 |
| Firehammer, Burton | 07-01-88 | MSU | 40.33 | 65 | 34,006.00 | I | 2,384.85 |
| Fischer, Florence | 07-01-88 | Custer | 43.11 | 65 | 132.60 | II | 1,568.37 |
| Fisher, Maria S. | 07-01-88 | Glacier | 21.00 | 62 | 2,272.50 | I | 940.67 |
| Flint, Billy F. | 07-01-88 | Flathead | 26.00 | 53 | ---- | --- | 1,072.22 |
| Ford, Ruth N. | 07-01-88 | Cascade | 21.00 | 66 | 3,133.42 | I | 974.99 |
| Fox, Beverly | 07-01-88 | L & C | 20.00 | 51 | ---- | --- | 698.57 |
| Frank, Karlene | 07-01-88 | Cascade | 26.00 | 51 | 3,133.42 | I | 1,183.92 |
| Frank, Robert G. | 07-01-88 | Cascade | 33.00 | 56 | 3,133.42 | I | 1,547.98 |
| Freshour, Don J. | 07-01-88 | Lake | 30.00 | 52 | ---- | --- | 1,779.09 |
| Fried, Darrell R. | 07-01-88 | Cascade | 25.00 | 48 | 2,954.37 | III | 1,108.87 |
| Gackle, Harold F. | 07-01-88 | Sheridan | 36.00 | 63 | ---- | --- | 1,483.63 |
| Gallik, Raymond | 07-01-88 | Jefferson | 34.31 | 64 | ---- | --- | 1,174.59 |
| Geary, Carol E. | 07-01-88 | Fergus | 40.67 | 62 | 200.00 | III | 1,093.95 |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Gestring, Charles | 07-01-88 | Cascade | 33.00 | 56 | 3,133.42 | I | 1,536.74 |
| Gierke, Elsie R. | 07-01-88 | Choteau | 32.00 | 57 | ---- | --- | 1,072.36 |
| Gilman, Thomas | 07-01-88 | Flathead | 37.41 | 60 | ---- | --- | 1,751.57 |
| Glaeske, Carol E. | 07-01-88 | Cascade | 26.00 | 61 | ---- | --- | 962.25 |
| Hamilton, Dennis | 07-01-88 | Gallatin | 31.00 | 54 | ---- | --- | 1,555.55 |
| Harbaugh, Don | 07-01-88 | Missoula | 25.00 | 47 | 21,200.00 | III | 1,719.05 |
| Harkins, Grace K. | 07-01-88 | Yellowstone | 19.00 | 59 | 6,305.76 | III | 764.89 |
| Harkins, Harry L. | 07-01-88 | EMC | 34.16 | 60 | 7,726.45 | I | 1,671.43 |
| Hawkins, Ethel A. | 07-01-88 | Western | 21.60 | 61 | 5,936.60 | I | 891.44 |
| Heikes, Lena | 07-01-88 | Yellowstone | 19.89 | 56 | 4,257.82 | I | 597.77 |
| Heilman, Glenn E. | 07-01-88 | Hill | 37.00 | 61 | 5,720.00 | I | 1,465.13 |
| Hendrickson, Hjordis | 07-01-88 | Dawson | 34.56 | 68 | ---- | --- | 1,199.[illegible] |
| Heppner, Shirley J. | 07-01-88 | Valley | 9.00 | 50 | 1,500.00 | I | 758.[illegible] |
| Hightower, Arthur | 07-01-88 | Missoula | 33.92 | 64 | 7,326.20 | III | 1,830.42 |
| Holen, Harold | 07-01-88 | MSU | 27.00 | 53 | 13,612.17 | I | 1,880.32 |
| Holen, Verna | 07-01-88 | Gallatin | 31.78 | 57 | 6,305.32 | I | 1,266.14 |
| Hoyer, Tom E. | 07-01-88 | Pondera | 27.83 | 54 | ---- | --- | 1,453.83 |
| Jensen, C. Christine | 07-01-88 | Flathead | 25.00 | 48 | 17,119.60 | I | 1,408.04 |
| Johnson, Dorothy | 07-01-88 | Phillips | 25.55 | 51 | 1,844.78 | III | 844.14 |
| Jones, John O. | 07-01-88 | Choteau | 32.00 | 58 | ---- | --- | 1,001.59 |
| Jutila, Charlotte | 07-01-88 | Gallatin | 14.13 | 56 | 747.56 | I | 390.27 |
| Kaushagen, Ingrid | 07-01-88 | Beaverhead | 31.00 | 50 | 11,395.50 | I | 1,423.68 |
| Keightley, Willard | 07-01-88 | MSU | 32.31 | 61 | 7,609.44 | I | 1,725.74 |
| Kempa, Sandra | 07-01-88 | Cascade | 25.00 | 47 | 3,111.04 | I | 951.78 |
| Kendall, Dorathy | 07-01-88 | L & C | 22.17 | 61 | 5,825.04 | I | 902.[illegible] |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Kinna, Clarence J. | 07-01-88 | Teton | 30.50 | 52 | 9,794.70 | I | 2,280.25 |
| Kinzel, Edward | 07-01-88 | Yellowstone | 29.00 | 50 | 4,825.80 | I | 1,378.85 |
| Kirkpatrick, David | 07-01-88 | Park | 30.00 | 54 | 11,383.00 | I | 1,704.29 |
| Koefelda, Cleo | 07-10-88 | Yellowstone | 17.50 | 52 | ---- | --- | 397.87 |
| Kurkowski, Geroge T. | 07-01-88 | Custer | 27.75 | 57 | ---- | --- | 1,259.04 |
| Lamb, June M. | 07-01-88 | Lincoln | 19.00 | 63 | ---- | --- | 759.65 |
| Langehough, Eyvonne G. | 07-01-88 | Phillips | 5.00 | 56 | ---- | --- | 101.13 |
| Larson, Don H. | 07-01-88 | Sheridan | 26.00 | 46 | ---- | --- | 863.44 |
| Larson, Joan P. | 07-01-88 | Glacier | 22.33 | 64 | ---- | --- | 844.57 |
| Lewis, Gail A. | 07-01-88 | Ravalli | 27.34 | 50 | ---- | --- | 1,271.20 |
| Lingel, Anna M. | 07-01-88 | Pondera | 19.42 | 61 | ---- | --- | 672.60 |
| Lubbers, Gordon | 07-01-88 | Sheridan | 32.83 | 59 | ---- | --- | 1,565.91 |
| Luce, Richard W. | 07-01-88 | MSU | 22.67 | 64 | 7,820.00 | I | 1,307.08 |
| Lye, Lois M. | 07-01-88 | Dawson | 29.56 | 64 | ---- | --- | 1,026.25 |
| Madsen, Shirley | 07-01-88 | L & C | 26.55 | 65 | 3,847.52 | I | 1,233.33 |
| Main, Elmer M. | 07-10-88 | Blaine | 25.79 | 67 | 4,607.50 | III | 1,509.94 |
| Malouf, Carling | 07-01-88 | U of M | 43.92 | 72 | 8,323.12 | I | 2,115.68 |
| Marberg, Richard | 07-01-88 | Cascade | 38.00 | 66 | 7,433.65 | I | 2,318.06 |
| McNellis, Tom | 07-01-88 | Silver Bow | 31.00 | 54 | 10,994.25 | I | 1,163.35 |
| McPherson, Harold | 07-01-88 | Lake | 33.67 | 62 | ---- | --- | 1,443.37 |
| Micken, Loris | 07-01-88 | Park | 36.00 | 56 | 83.34 | II | 1,586.02 |
| Miller, Betty L. | 07-01-88 | Custer | 15.56 | 70 | ---- | --- | 239.17 |
| Miscke, Fae I. | 07-01-88 | McCone | 14.95 | 71 | ---- | --- | 364.88 |
| Moss, Buelon R. | 07-01-88 | V.R. | 19.25 | 50 | 756.27 | --- | 533.15 |
| Nielson, Tom G. | 07-01-88 | Hill | 27.00 | 52 | 5,910.58 | I | 1,207.01 |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Niemi, Katherine | 07-01-88 | Cascade | 25.00 | 48 | 44.76 | III | 924.32 |
| Nordvedt, Ken L. | 07-01-88 | MSU | 25.67 | 49 | 9,988.50 | I | 2,187.09 |
| Oberweiser, John | 07-01-88 | Deer Lodge | 24.92 | 63 | ---- | --- | 848.34 |
| Olsen, Violet E. | 07-01-88 | Flathead | 27.06 | 68 | ---- | --- | 827.02 |
| Olson, Barbara | 07-01-88 | Falthead | 25.00 | 46 | ---- | --- | 877.72 |
| Olson, Darlene | 07-01-88 | Yellowstone | 36.00 | 54 | 4,171.83 | III | 1,498.00 |
| Olson, Dennis L. | 07-01-88 | Flathead | 25.33 | 48 | 4,530.74 | I | 1,333.27 |
| Olson, James L. | 07-01-88 | Gallatin | 37.83 | 60 | 7,566.97 | I | 1,611.21 |
| Overby, Elton W. | 07-01-88 | Sheridan | 37.00 | 54 | ---- | --- | 1,328.06 |
| Owen, Donald O. | 07-01-88 | Stillwater | 28.55 | 50 | ---- | --- | 1,359.76 |
| Park, Patricia R. | 07-01-88 | L & C | 26.78 | 54 | 5,338.26 | I | 913.17 |
| Perkins, George F. | 07-01-88 | EMC | 42.42 | 65 | 6.613.00 | I | 1,799.[redacted] |
| Perkins, Lillian | 07-01-88 | EMC | 11.48 | 64 | 1,949.85 | I | 368.[redacted] |
| Perry, Dolores | 07-01-88 | Valley | 30.61 | 54 | 2,251.80 | I | 949.10 |
| Pettinato, Frank | 07-01-88 | U of M | 33.33 | 67 | 4,134.88 | I | 2,147.31 |
| Phillips, Laura L. | 07-01-88 | NMC | 19.75 | 53 | 1,891.26 | I | 453.34 |
| Preble, Ardith | 07-01-88 | Cascade | 27.99 | 60 | 3,133.42 | III | 938.36 |
| Rathman, Stanley | 07-01-88 | Teton | 36.83 | 60 | ---- | --- | 2,146.11 |
| Reinhardt, Howard | 07-01-88 | U of M | 34.89 | 61 | 19,120.13 | I | 2,692.21 |
| Repka, Sarah | 07-01-88 | Yellowstone | 17.60 | 65 | 4,787.03 | I | 732.37 |
| Restad, Mary E. | 07-01-88 | Yellowstone | 22.00 | 60 | 6,152.00 | I | 929.87 |
| Rhodes, Mary D. | 07-01-88 | Yellowstone | 17.00 | 62 | ---- | --- | 562.65 |
| Rigg, Luanna | 07-01-88 | Hill | 26.00 | 58 | ---- | --- | 905.79 |
| Roberts, Donna L. | 07-01-88 | L & C | 37.00 | 62 | 4,890.03 | I | 1,530.54 |
| Roberty, Erminio | 07-01-88 | Gallatin | 39.00 | 59 | 12,089.77 | I | 2,396.[redacted] |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Rothenberger, Barbara | 07-01-88 | Dawson | 37.00 | 57 | ---- | --- | 1,331.21 |
| Ruetten, Warren | 07-01-88 | L & C | 35.67 | 59 | 7,780.00 | I | 1,709.88 |
| Rumely, Constance | 07-01-88 | Gallatin | 18.00 | 64 | 5,928.72 | I | 691.71 |
| Salonen, William L. | 07-01-88 | Cascade | 30.00 | 54 | 7,993.38 | I | 2,165.64 |
| Sawyer, Robert L. | 07-01-88 | Beaverhead | 28.78 | 54 | ---- | --- | 1,232.26 |
| Sayed-Ahmed, Salah | 07-01-88 | MSU | 25.00 | 64 | 6,353.76 | I | 1,036.08 |
| Schafer, Barbara | 07-01-88 | Cascade | 7.00 | 36 | ---- | --- | 433.38 |
| Schladweiler, Leonard | 07-01-88 | Golden Valley | 38.08 | 67 | 465.00 | II | 1,394.08 |
| Schlatter, Eugenia | 07-01-88 | Flathead | 30.17 | 57 | 14,066.98 | III | 1,193.46 |
| Schmidt, Alvera | 07-01-88 | Flathead | 25.00 | 62 | 28,908.76 | III | 926.32 |
| Schneider, Mary P. | 07-01-88 | Yellowstone | 18.42 | 62 | 3,855.56 | I | 723.15 |
| Seilstad, Grace H. | 07-01-88 | Fergus | 30.00 | 63 | 5,170.78 | I | 1,112.85 |
| Seman, Arlen | 07-01-88 | Ravalli | 31.35 | 54 | 8900.00 | III | 1,408.68 |
| Shepherd, Leo W. | 07-01-88 | Stillwater | 27.13 | 61 | 2,738.89 | I | 1,116.58 |
| Singleton, Robert | 07-01-88 | Yellowstone | 33.56 | 53 | 15,386.21 | III | 2,332.10 |
| Smith, Jolene D. | 07-01-88 | Flathead | 27.00 | 48 | 8,000.00 | III | 1,011.20 |
| Smith, Phyllis B. | 07-01-88 | Yellowstone | 17.20 | 66 | 994.94 | III | 593.40 |
| Sowden, Gerald | 07-01-88 | Sanders | 29.00 | 52 | 3,840.00 | I | 1,476.96 |
| Sparks, Calvin R. | 07-01-88 | Missoula | 34.85 | 58 | 10,251.58 | I | 1,837.87 |
| Stonnell, John M | 07-01-88 | MSU | 32.75 | 58 | 6,840.31 | I | 1,555.54 |
| Surratt, Ellis K. | 07-01-88 | Missoula | 22.11 | 62 | 10,870.00 | I | 1,106.88 |
| Swanz, James C. | 07-01-88 | Ravalli | 29.92 | 53 | ---- | --- | 1,297.68 |
| Swenson, Carroll | 07-01-88 | Custer | 33.00 | 57 | ---- | --- | 1,041.93 |
| Swimley, Alison | 07-01-88 | Lincoln | 25.00 | 52 | 19,936.82 | I | 1,231.99 |
| Sylling, Rose | 07-01-88 | Yellowstone | 18.50 | 61 | 634.48 | I | 541.03 |

RETIREMENT LISTING

ADDITIONS - JULY, 1988 (CONTINUED)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Teegarden, Thomas N. | 02-01-88 | V.R. | 25.56 | 48 | 6,434.40 | I | 1,382.02 |
| Thompson, E. Orvil | 07-01-08 | Mineral | 25.00 | 47 | ---- | --- | 1,151.04 |
| Thoreson, Johannnes | 07-01-88 | Yellowstone | 28.67 | 56 | 390.00 | III | 946.75 |
| Tintinger, Ken R. | 07-01-88 | Flathead | 29.75 | 53 | ---- | --- | 1,623.10 |
| Tokerud, Harold | 07-01-88 | Rosebud | 29.00 | 56 | 13,657.91 | I | 2,559.63 |
| Townsend, Bev J. | 07-01-88 | Cascade | 25.00 | 51 | ---- | --- | 762.36 |
| Trang, Phyllis M. | 07-01-88 | Daniels | 23.89 | 66 | ---- | --- | 655.26 |
| Unrue, Wilma | 07-01-88 | Ravalli | 19.00 | 62 | 796.88 | I | 642.96 |
| Vandegrift, Margaret | 07-01-88 | Beaverhead | 27.61 | 53 | 12,773.15 | I | 1,343.50 |
| Van Meter, Wayne | 07-01-88 | U of M | 31.00 | 62 | 7,747.36 | I | 1,465.83 |
| Videon, Fred F. | 07-01-88 | MSU | 25.00 | 54 | 8,860.00 | I | 1,479.33 |
| Wagenaar, Wesley L. | 07-01-88 | Sweet Grass | 29.00 | 52 | ---- | --- | 1,077.[illegible] |
| Wagner, Constance M. | 07-01-88 | Flathead | 30.56 | 51 | ---- | --- | 1,465.[illegible] |
| Ward, Donna E. | 07-01-88 | Gallatin | 33.55 | 60 | 6,786.24 | I | 1,730.89 |
| White, Herbert W. | 07-01-88 | Flathead | 31.75 | 54 | ---- | --- | 1,376.36 |
| Whited, Richard R. | 07-01-88 | Flathead | 25.50 | 49 | 9,169.36 | I | 1,108.28 |
| Wiggins, Alva (Lucy) | 07-01-88 | Missoula | 22.00 | 68 | ---- | --- | 939.37 |
| Williams, Fay I. | 07-01-88 | Judith Basin | 17.85 | 62 | 12,085.00 | III | 595.83 |
| Witzel, Margaret E. | 07-01-88 | Yellowstone | 27.00 | 54 | ---- | --- | 1070.13 |
| Wooden, Richard E. | 07-01-88 | Cascade | 27.00 | 49 | ---- | --- | 1,232.69 |
| Woodhull, James F. | 07-01-88 | Park | 26.08 | 52 | 11,803.00 | II | 1,333.83 |
| Younggren, Darwin C. | 07-01-88 | Cascade | 24.00 | 65 | ---- | --- | 636.49 |

SURVIVOR APPLICATIONS - JULY 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Koostra, Joyce R.<br>Survivor of Walter L. Koostra | 04-01-88 | U of M | 19.69 | 55<br>54 | ---- | --- | 801.02 |

ADJUSTMENTS - JULY 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Blekin, Margaret E.<br>Adjustment due to use of term pay Opt. I - Cascade County | 07-01-86 | $ 464.91 | $ 473.31 |
| Box, Sara<br>Adjustment due to use of term pay Opt. I - Cascade County | 07-01-87 | 1,222.37 | 1,257.96 |
| Bridgeford, Jeanette<br>Adjustment due to use of term pay Opt. I - Cascade County | 07-01-87 | 1,312.82 | 1,362.80 |
| Clement, Richard C.<br>Adjustment due to use of term pay Opt. I - Cascade County | 07-01-88 | 1,536.82 | 1,613.83 |
| Franklin, Ruth<br>Adjustment due to use of term pay Opt. I - Cascade County | 10-01-87 | 870.83 | 901.24 |
| Meske, Kenneth M.<br>Adjustment due to use of term pay Opt. I - Cascade County | 07-01-86 | 1,234.70 | 1,267.29 |
| Waetzig, Ruth A.<br>Adjustment due to use of term pay Opt. I - Cascade County | 07-01-88 | 859.13 | 889.92 |

EXECUTIVE SECRETARY'S REPORT

On June 14, 1988, I wrote on behalf of the Teachers' Retirement Board to the Montana Congressional Delegation, Max Baucus, Pat Williams and Ron Marlenee, requesting their support to exempt state and local governments from the requirements of the 70 ½ distribution rule. This rule would have required that we begin paying monthly retirement benefits when a member reaches age 70 ½, even though they may not have terminated their position. While they continue working, we would be required to recalculate their benefits each year. Recently I received notice from the National Council on Teachers' Retirement that the exemption has been included in the House version of the Tax Reform Act Technical Correction Bill. Senator Max Baucus has written to advise me that he will support this exemption in the Senate. The feeling among national organizations representing public retirement systems is that state and local plans will be exempt from the 70 ½ distribution rule.

On July 5, 1988, on behalf of the Teachers' Retirement Board, I filed with the Secretary of State a notice of proposed adoption of a new rule relating to creditable service for absence without pay and amendments of the rules relating to redeposit of amount withdrawn, earnings after retirement and the recalculation of benefits using termination pay. The rules as noticed will become effective August 26, 1988 unless a public hearing is requested no later that August 12, 1988.

I have received a request from Representative Joe Quilici regarding the possibility of allowing military credit at no cost to all members of the Teachers' Retirement System. The actuary has determined that the annual cost to fund this benefit over each member's working lifetime would be .33% of all active member's salaries for each 1000 members eligible for this credit. The lump sum cost to provide this benefit to 1000 members would be 9.4 million dollars. If more or less than 1000 members receive credit for this military service, the cost would increase or decrease proportionately.

In May, the Teachers' Retirement Board approved funding for a study to develop a long range planning document that would identify the ideal and technically workable data processing information system for fund management and operations. This approval was contingent upon the participation of the Public Employees' Retirement Board. On June 17, 1988, the Public Employees' Retirement Board met and approved funding to participate in this study. Larry Nachtsheim, Administrator of the Public Employees' Retirement Division and myself have been working on the Request for Proposals to define the specifics that the successful bidder must follow and hope to be completed by August 19, 1988.

# TEACHERS' RETIREMENT BOARD MEETING

## NOVEMBER 14, 1988

Chairman LeRoy Corbin called the meeting to order at 9 a.m. in the office of the Teachers' Retirement System.

Those present were:

LeRoy Corbin, Chairman
J. William Kearns, Jr., Vice-Chairman
Virginia Egli, Active Teacher
J. Thomas Ryan, Retired Member
Edward F. Argenbright, Ex-Officio OSPI
James E. Cowan, Board Member
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Chief Legal Counsel

Approval of the minutes for August 19, 1988: Mr. Argenbright moved that the minutes be approved as presented by the Executive Secretary, Mr. Ryan seconded the motion which carried unanimously.

Financial Reports: The Board reviewed the financial statements, budget report and investment report. After a brief discussion, Mr. Kearns moved that the reports be accepted as presented. Motion was seconded by Mrs. Egli and passed unanimously.

Actuarial Update: The Chairman welcomed Mr. Hendrickson of Hendrickson, Miller & Associates to the meeting for the purpose of reviewing the actuarial update required by the Governmental Accounting Standards Board (GASB) and completed as of July 1, 1988. Mr. Hendrickson presented the report to the Board and explained that the information included in this report was for accounting purposes only and not an actuarial valuation. He cautioned the Board and all readers of this information not to make any conclusions regarding the soundness of the System or the funding required. He explained that the Governmental Accounting Standards Board required that this information be prepared using a different actuarial cost method than is currently being used by the Teachers' Retirement System. The Chairman requested that Mr. Hendrickson write the Executive Secretary a letter explaining these matters and that any copies of this report distributed also include a copy of Mr. Hendrickson's letter. Following his presentation of the actuarial update, Mr. Hendrickson asked to make a few comments in regards to the retroactive wage issue on the agenda. Mr. Hendrickson explained that he had been asked to prepare a letter giving his opinion from an actuarial standpoint of the appropriateness of using court judgments in determining retirement benefits. He explained that the Internal Revenue Service sets down definitions of compensation which must be used in private plans to insure reasonable benefits and protect

against discrimination. In these instances, compensation must be applied in the years actually earned. He explained that in the case of governmental plans the issue is not as clear. Mr. Hendrickson further explained that from an actuarial standpoint he would assume that any lump sum payments for back wages would be allocated to the years in which the services were actually rendered, not the year in which the wages were received. Crediting the lump sum payment in the year received provides a benefit higher than anticipated. He admitted that the few instances of lump sum benefits awarded by the courts would not jeopardize the actuarial soundness of the system but he was concerned with the possibility of misuse in the future and that this type of abuse could jeopardize the soundness of the System. It was his recommendation that the Board's current policy to treat retroactive wages as earned compensation in the period actually earned be continued. The Chairman asked if any of the members of the Board had questions of Mr. Hendrickson, seeing none he thanked Mr. Hendrickson for his presentation and comments.

Executive Secretary's Report: The Executive Secretary briefly reviewed his report as presented, adding that the staff had also been working on a project to contact inactive vested right members. This had resulted in the updating of a great many addresses for these individuals, for which we have received approximately 60% response. The next step would be to begin providing those members eligible for retirement benefits with an estimate.

Old Business: Retroactive wages - Donald Lang. The Executive Secretary reviewed the question before the Board; "Should retroactive wages paid for prior periods be considered wages in the school year actually received by the member or as earned compensation for the period they are owed?" On August 19, 1988, the Board had reviewed Mr. Donald Lang's petition to include the retroactive wage settlement he had received in 1988 as earned compensation in the year paid, rather than in the year earned. The Board requested additional information be prepared and deferred the question to the next regularly scheduled meeting. The Executive Secretary explained that the Board has had a long established and consistent policy of determining retroactive wages as earned compensation for the period they are owed. Documentation of this policy had been forwarded to the Board prior to the meeting. On behalf of Mr. Lang, Tom Bilodeau, MEA, commented on the question before the Board. His written comments are attached. Following a lengthy discussion of the issues, it was the general consensus of the Board to maintain their current policy, at which point, Mr. Cowan called for the orders of the day.

The next item of old business was William Brown. Mr. Brown had requested that he be granted full service credit for the partial wage settlement he had received for the 1986-87 school year. The Board had reviewed Mr. Brown's petition on August 19, 1988 and deferred the question to the next regularly scheduled meeting and requested that additional documentation be secured from Mr. Brown regarding the award and settlement agreements. Mr. Brown reviewed the additional documentation he had brought with him stating that because the award had ordered that he be made whole, including all benefits, he should receive full service credit, even though he had settled for only $10,523.20 in total compensation for the year. Beda Lovitt reviewed the documentation presented and agreed that the order stated that Mr. Brown should be made whole and that it was up to the Board's discretion to determine whether this meant that he should also receive full service credit. Mr. Kearns moved that Mr. Brown be awarded a full years service credit for the 1985-86 school year. Mr. Ryan seconded the motion which carried unanimously.

Out-of-state teaching service - Peter Koehn. Mr. Peter Koehn had requested that he be allowed to purchase his out-of-state teaching service outside of the United States or its possessions. However, Mr. Koehn became a member after July 1, 1971 and based on an Attorney General's Opinion, dated September 7, 1978, Mr. Koehn had been denied the opportunity to qualify this service. Mr. Dan Evans, MFT, was present to discuss the issues concerning Mr. Peter Koehn. Mr. Evans stated that the Attorney General's opinion only addressed school district employees and, therefore, should not be applied to employees of the University System. The Executive Secretary stated that the Board should not set a different policy which discriminates against one group over another when all are members equally of the Teachers' Retirement System. The Executive Secretary suggested an option that the Board might consider, which would allow all members to purchase additional service credit regardless of their past. He recommended that the Board consider supporting legislation allowing members to purchase 1 year of additional service for each 5 years of membership service. After a brief discussion of the issues regarding Mr. Peter Koehn, Mr. Kearns moved to deny the request to purchase out-of-state teaching service outside of the United States. Mrs. Egli seconded the motion which carried unanimously.

The Board next reviewed the suggestion that legislation be supported to allow members to purchase 1 year of additional service for each 5 years of membership service. The Executive Secretary explained the provisions of this proposal and the controls that should be established. He asked that the Board approve his request to work with all organizations and individuals interested in this proposal. Following a brief discussion of this issue, the Chairman directed the Executive Secretary to help draft legislation that the Board could support.

Board Goals and Policies: The Executive Secretary presented a draft of the goals and policies the Board had established during their workshop on August 18, 1988. The Board asked that an additional goal be added; to continue to improve the data processing and information processing systems of the Teachers' Retirement System. The Chairman directed that the additional goal be added and the goals and policies as presented be accepted.

New Business:

Non-Board Legislation:

Leave Service. MEA is proposing legislation that would reduce the qualification period for purchasing leave service from 5 years following the break in service to 1 year. The Executive Secretary explained that he had several questions regarding this legislation. Would this apply only to breaks after July 1, 1989, or to leave not yet purchased, or to leave members are not yet eligible to purchase? Would retired members also be eligible to purchase service that they may not have been able to qualify at the time of their retirement? Mr. Ryan moved that the Board support this legislation providing the questions of the Executive Secretary can be answered satisfactorily. Mr. Kearns seconded the motion which passed unanimously.

Department of Defense Service: The MEA is proposing to amend the provisions of out-of-state employment service to allow members to purchase federal employment that would have been acceptable under the provisions of the Teachers' Retirement Act. Mr. Bilodeau explained that this would include Department of Defense service and Peace Corps. The Executive Secretary stated that he was not sure who would be eligible or how eligibility would be determined. He also asked when the effective date of this legislation would be. Would it apply to services performed after the effective date and would members be required to forfeit all retirement benefits earned, if any, as a result of their federal employment services? Mr. Kearns moved that the Board support this legislation provided the questions raised by the Executive Secretary can be answered satisfactorily. Mr. Cowan seconded the motion which passed unanimously.

Membership in the Teachers' Retirement System for District Clerks: The Montana School Business Officials have proposed legislation that would allow any person who is a clerk of the district, as defined by 20-3-325, to elect membership in the Teachers' Retirement System. The Board discussed the duties and responsibilities of the school clerks and questioned whether these type of duties should qualify for membership under the Teachers' Retirement System. Mr. Kearns moved that the Board not support legislation to allow district clerks to become members of the Teachers' Retirement System. Mrs. Egli seconded the motion which carried unanimously.

Teachers' Aides: The Executive Secretary explained that he had received many questions regarding the eligibility for membership for teachers' aides. He explained that legislation has not been drafted, however, he was requesting that the Board discuss this issue and give direction so that he may work with all organizations and individuals interested to draft legislation. The Board discussed the need for a definition of teachers' aides and the term instructional services capacity as found in the Teachers' Retirement Act. After a brief discussion, the Chairman directed the Executive Secretary to work with all organizations to draft legislation if necessary.

Membership in the Teachers' Retirement System for the Executive Directors of Certain Non-Profit Organizations: Prior to the 1987 legislative session, the Executive Director of the Montana High School Association had approached the Board and asked if they would support legislation to require that the Executive Director of the Montana High School Association become a member of the Teachers' Retirement System. The Board, at that time, did not support this legislation. After a brief discussion, the Chairman directed the Executive Secretary to oppose legislation that would require the Executive Directors of non-profit organizations to be members of the Teachers' Retirement System.

Expand Free Viet Nam Service: The Executive Secretary explained that the request had been made to expand the dates under which service may be granted at no cost for active duty service during the Viet Nam Conflict. He added this provision would further add to the unfunded liability in the Teachers' Retirement System and that additional funding would be required. Mr. Kearns moved that the Board oppose legislation which further expands the members rights to qualify additional service which creates an unfunded liability in the Teachers' Retirement System. Mr. Cowan seconded the motion which carried unanimously.

Information Mailing - MEA Retired Program: The MEA retired program submitted a request to include, with the TRS benefit checks, information regarding this program. After a brief discussion of the Board's past policy regarding inserts with the TRS benefit checks, Mrs. Egli moved that the request of the MEA retired program be approved, provided that the information to be included be approved by the Board Attorney and meets the requirements of the State Auditor's Office for mailing. Mr. Kearns seconded the motion which carried unanimously.

Service With MSU Not Reported - Don Collins: Mr. Collins was employed at MSU during the 1961-62 through 1964-65 school years under the National Defense Act Grant. The Executive Secretary asked the Board for direction in requesting documentation that will allow members to purchase service that should have been reported over 20 years ago. Mr. Ryan commented that he believed National Defense Act Grants included an itemization of the funding requirements. He moved that if Mr. Collins could provide a copy of the Defense Act Grant, showing that funding was provided for the Teachers' Retirement System, that he be allowed

to qualify this service. The motion was seconded by Mrs. Egli and carried unanimously.

Out-of-State Teaching Service, Research Assistant, Joe Armijo: Mr. Armijo had been denied his request to purchase out-of-state teaching service for his employment with the Wyoming University as a research assistant on the grounds that the service would not have qualifed under the TRS if such service had been performed in the state of Montana. The Board reviewed the documentation submitted by Mr. Armijo. Mr. Kearns moved that Mr. Armijo be denied his request to purchase his out-of-state teaching service as a research assistant. Mr. Ryan seconded the motion which carried unanimously.

Victor Signori: The Executive Secretary explained that Mr. Signori had received a very large payment which was reported to the Teachers' Retirement System after his retirement date. At the time this payment was reviewed, we assumed that the payment was for termination pay and requested that the additional contributions required be paid. Eastern Montana College explained that it was not termination pay but the balance of his contract for July 1, through March 30, 1988. Mr. Ken Heikes, the Administrative Vice President, was present and reviewed the documentation submitted by Eastern Montana College with the Board. Following a discussion of the issues concerning termination pay and earned compensation, the Chairman directed that the retroactive payment be included in the calculation of benefits as earned compensation.

Membership in NAPPA: The Executive Secretary explained the National Association of Public Pension Plan attorneys had established an association in 1987 to deal with complex issues that confront Public Pension Plans on a daily basis. The Organization publishes a regular newsletter comprised of pension law, related articles, along with citations of important published court cases effecting retirement law precedent. Membership in this organization would cost $250.00 per year. Mr. Kearns moved that membership in the NAPPA be approved. Mr. Cowan seconded the motion. The motion was approved with Mr. Ryan voting no.

NCTR Director's Meeting - St. Louis: The Executive Secretary stated that the second annual meeting of the NCTR Executive Directors was scheduled for February 26, 1989 through February 27, 1989. NCTR will pay for all rooms, meals and air travel. He asked that the Board approve the travel time, contingent upon the legislative requirements at that time. Mr. Cowan moved for approval, Mr. Kearns seconded the motion which passed unanimously.

NCTR Conference Report: Mr. Ryan and Mr. Senn attended the National Council on Teachers' Retirement Conference in Reno, Nevada, September 26, 1988 through September 30, 1988. Each gave a brief report of events of the meeting and answered the questions of the Board.

Election of Delegates to the NCPERS Conference, April 2, 1989 through April 6, 1989, San Francisco, California: Mr. Kearns moved that Mrs. Egli and Mrs. Harrington be authorized to attend the NCPERS conference. Mr. Ryan seconded the motion which carried unanimously.

Approval of Applications and Benefits: The Board briefly reviewed the retirements, survivor benefits and adjustments. Mr. Kearns moved for adoption as presented and Mr. Ryan seconded the motion which passed unanimously.

Disability Retirements:

Margaret Rall: The Board reviewed the application and Attending Physician's Statement. Mr. Ryan moved for approval of the disability application. Mr. Kearns seconded the motion which carried unanimously.

Katherine Millhouse: The Board reviewed the Application for Disability and Attending Physician's Statement. Mr. Cowan moved for approval of the disability application. Mr. Kearns seconded the motion which carried unanimously.

Next Meeting Date: Chairman Corbin set Friday, February 17, 1989, as the next regular meeting of the Teachers' Retirement Board. Mr. Cowan then moved to adjourn. The motion was seconded by Mr. Ryan and passed unanimously.

Chairman

Executive Secretary

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - AUGUST 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Allen, Bruce M. | 08-01-88 | Cascade | 34.09 | 55 | ---- | --- | 1,733.98 |
| Bandelier, Kenneth J. | 08-01-88 | Beaverhead | 33.61 | 63 | 8,032.26 | I | 1,873.56 |
| Boozer, Lloyd W. | 07-01-88 | Powder Riv. | 30.00 | 57 | ---- | --- | 1,117.57 |
| Borchert, Horace | 08-01-88 | NMC | 40.19 | 64 | 7,696.91 | I | 2,025.97 |
| Byrne, Elsie M. | 03-01-88 | V.R. | 18.56 | 60 | ---- | --- | 329.95 |
| Cole, Marvelle E. | 07-01-88 | Yellowstone | 11.86 | 58 | 936.70 | I | 344.72 |
| Gaghen, Harry | 08-01-88 | EMC | 31.00 | 57 | 8,766.03 | I | 1,907.01 |
| Korich, Sharlene | 07-01-87 | V.R. | 16.54 | 51 | ---- | --- | 243.21 |
| Lasher, Gaylord | 07-01-88 | MSU | 24.00 | 50 | 16,058.01 | I | 1,911.33 |
| Luce, Elbert | 07-01-88 | Granite | 23.11 | 50 | 5,600.00 | I | 986.90 |
| McLeod, John D. | 07-01-88 | Yellowstone | 26.00 | 48 | 6,020.76 | I | 1,483.61 |
| Mehlhose, Eva Elaine | 08-01-88 | V.R. | 16.71 | 60 | 3,865.72 | I | 545.12 |
| Mirich, Robert | 07-01-88 | Silver Bow | 29.00 | 52 | 13,112.25 | II | 1,382.51 |
| Nelson, Marion I. | 08-01-88 | Cascade | 19.24 | 60 | ---- | --- | 720.19 |
| O'Keefe, Orville J. | 07-01-88 | Cascade | 32.83 | 61 | 3,133.42 | I | 1,459.01 |
| Peterson, Patricia A. | 07-01-88 | Hill | 23.66 | 50 | 6,532.00 | I | 1,040.97 |
| Pitt, C. Everett | 08-01-88 | NMC | 28.94 | 63 | 7,594.79 | I | 1,275.71 |
| Resset, Donald A. | 07-01-88 | Beaverhead | 25.00 | 50 | 20,512.21 | I | 1,311.69 |
| Rudberg, Donald A. | 08-01-88 | MSU | 27.69 | 54 | 10,777.00 | I | 2,228[illegible] |
| Schnelle, Linda L | 07-01-88 | Missoula | 9.66 | 50 | ---- | --- | 171[illegible] |
| Seilstad, Margaret | 09-01-88 | V.R. | 7.33 | 60 | ---- | --- | 73[illegible] |
| Simkins, Ronald | 07-01-88 | Ravalli | 25.00 | 58 | ---- | III | 880.98 |
| Sniffen, Barbara | 07-01-87 | V.R. | 9.00 | 60 | ---- | --- | 90.00 |
| Strobel, Dorothy E. | 08-01-88 | V.R. | 12.41 | 60 | ---- | --- | 142.95 |
| Wehrenberg, John P. | 08-01-88 | U of M | 34.33 | 61 | 8,554.01 | I | 1,762.00 |
| Wrzesinski, John W. | 07-01-88 | Judith Basin | 25.00 | 48 | ---- | --- | 1,011.22 |
| Yarger, Donna L. | 07-01-88 | McCone | 38.00 | 63 | ---- | --- | 1,906.23 |

## SURVIVOR APPLICATIONS - AUGUST 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Brier, Karin | 07-01-88 | U of M | 26.00 | 27 | ---- | --- | 585.60 |
| Survivor of Warren J. Brier | | | | 57 | | | |
| Brier-DeLaCruz, Lynn | 07-01-88 | U of M | 26.00 | 31 | ---- | --- | 590.88 |
| Survivor of Warren J. Brier | | | | | | | |

ADJUSTMENTS - AUGUST 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Dross, Gale<br>Adjustment in benefit due to use of term pay under Opt. I | 07-01-87 | 907.85 | 933.63 |
| Hess, Carolyn<br>Adjustment in benefit due to use of term pay under Opt. I | 07-01-87 | 1,034.94 | 1,073.67 |
| Johnson, Carl R.<br>Adjustment in benefit due to use of actual salary for 86-87 school year | 07-01-87 | 1,287.92 | 1,289.40 |
| McClenahan, Florence<br>Adjustment in benfit due to use of actual salary for 86-87 school year | 07-01-87 | 496.75 | 505.51 |
| Perkins, Donald H.<br>Adjustment in benefit due to use of actual salary for 86-87 school year | 07-01-87 | 1,629.06 | 1,630.80 |
| Ragar, Alma L.<br>Adjustment in benefit due to use of actual salary for 86-87 school year | 07-01-87 | 1,149.37 | 1,153.61 |
| Schaeffer, Charles<br>Adjustment in benefit due to use of term pay under Opt. I | 09-01-87 | 935.63 | 936.35 |
| Sjodahl, Gertrude I.<br>Adjustment in benefit due to use of actual salary for 85-86, 86-87 school year use of term pay under Opt. I | 07-01-87 | 689.43 | 691.38 |
| Smith, Kent B.<br>Adjustment in benefit due to use of term pay under Opt. I | 07-01-87 | 1,409.09 | 1,447.36 |

RETIREMENT APPLICATIONS - SEPTEMBER 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Alme, Virgil | 09-01-88 | State Dept | 31.22 | 53 | 11,616.10 | I | 1,618.37 |
| Anderson, Thelma | 09-01-88 | NMC | 26.44 | 65 | 3,609.91 | III | 1,117.71 |
| Anderson, Robert L. | 09-01-88 | MSU | 28.39 | 65 | 7,267.24 | III | 1,331.78 |
| Berry, Ralph | 09-01-88 | MSU | 9.12 | 67 | 16,089.31 | III | 688.17 |
| Dobberstein, Lois | 07-01-88 | Ravalli | 25.00 | 64 | ---- | --- | 891.28 |
| Evans, William | 09-01-88 | U of M | 31.27 | 61 | 7,539.84 | III | 1,598.95 |
| Holman, Claire | 09-01-88 | Silver Bow | 18.07 | 55 | ---- | III | 475.24 |
| Miller, Charles N. | 09-01-88 | U of M | 24.22 | 50 | 7,356.30 | I | 1,394.96 |
| Ophus, L. Lynn | 09-01-88 | NMC | 29.67 | 58 | 5,320.00 | I | 1,239.12 |
| Silverman, Donna L. | 07-01-88 | Silver Bow | 23.23 | 51 | 12,948.00 | III | 882.51 |
| Stranieri, Joe | 07-01-88 | Deer Lodge | 26.00 | 50 | ---- | --- | 1,084.71 |
| Ranta, Roger A. | 07-01-88 | Blaine | 18.96 | 58 | 7,500.00 | I | 1,232.05 |
| Thibeault, Robert J. | 09-01-88 | MSU | 34.22 | 61 | ---- | --- | 1,810.40 |

ADJUSTMENTS - SEPTEMBER 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Rothenberger, Barbara<br>Adjustment in benefit due to use of correct salary for June | 07-01-88 | 1,331.21 | 1,334.53 |

RETIREMENT APPLICATIONS - OCTOBER 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Black, Bryan T. | 09-01-88 | U of M | 21.22 | 51 | 4,508.80 | I | 546.30 |
| Christensen, Lee A. | 10-01-88 | V.R. | 17.00 | 50 | 2,606.46 | II | 720.35 |
| Morgan, Catherine H. | 10-01-88 | Blaine | 16.00 | 60 | ---- | --- | 160.00 |
| Peterson, Patricia | 08-01-88 | Yellowstone | 25.00 | 53 | 1,180.59 | I | 1,034.27 |
| Stahlecker, Verlyn G. | 09-01-88 | NMC | 28.12 | 51 | 4,508.80 | I | 1,283.97 |

ADJUSTMENTS - OCTOBER 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Albertson, F. Joyce<br>Adjustment in benefit due to service granted by TRS Board | 08-01-88 | 1,464.38 | 1,516.55 |
| Billquist, Avalon F.<br>Adjustment in benefit due to use of actual salary for 87-88 school year | 07-01-88 | 1,137.69 | 1,144.17 |
| Field, Richard N.<br>Adjustment in benefit due to use of term pay under Opt. I | 11-01-86 | 1,165.85 | 1,198.84 |

EXECUTIVE SECRETARY'S REPORT

November 14, 1988

The past quarter has been very busy. Correspondence, requests for retirement estimates and requests to qualify additional service have been much heavier than usual. Mary and I have also made several presentations regarding the Teachers' Retirement System. On October 14, Mary was in Palm Springs to attend an executive committee meeting of the National Council on Public Employees Retirement Systems (NCPERS). On October 21, Mary traveled to Kalispell to present an overview of the Teachers' Retirement System at the annual convention of the Montana Federation of Teachers and on November 3rd, Mary was in Billings to speak with members of the Billings Education Association. During the last week of September, I attended the National Council on Teachers' Retirement (NCTR) convention in Reno, Nevada. I met with the MEA administrative staff on October 3, where Larry Nachtsheim and myself gave presentations on PERS and TRS. I was in Billings on the 13th to participate in a pre-retirement planning seminar sponsored by Montana Benefits, Inc. The seminar was very successful and I anticipate participating in the pre-retirement planning seminars in the future. On October 20th, I presented an overview of the benefits in the Teachers' Retirement System at the annual convention of the Montana Education Association here in Helena and on the 21st I was in Billings again to make the same presentation to the Montana Conference of Education Leadership.

In May, the Board authorized a study be conducted to develop a long range planning document that would identify the ideal and technically workable data processing and information system for fund management and operations. This project was to be conducted jointly with the Public Employees' Retirement Board and funded through the Minnie Fullam fund. A request for proposal was written, describing in detail, the requirements of this study and what was to be accomplished. In response to this RFP, we received 3 proposals and 5 letters stating that the vendors were unable to respond because of the $15,000 budget restriction on the total cost of this project. The proposals were evaluated and scored according to expertise, cost and approach. The evaluation team determined that the proposers could not provide the comprehensive review required of this request within the budget and time constraints established. Therefore, all proposals have been rejected. I have not abandoned our objective to complete a comprehensive study of retirement information and data processing systems and hope we will find a way to proceed in the near future.

On Friday, October 1, 1988, Congress approved the technical correction bill which contains a permanent exemption for state and local retirement systems from the 70½ distribution rule contained in the 1986 tax reform act. The 70½ distribution rule

# TEACHERS' RETIREMENT BOARD MEETING

February 17, 1989

Chairman LeRoy Corbin called the meeting to order at 9:00 a.m. in the office of the Teachers' Retirement System. Those present were:

LeRoy Corbin, Chairman
Virginia Egli, Active Teacher
J. Thomas Ryan, Board Member
James E. Cowan, Board Member
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Beda Lovitt, Legal Counsel

Bill Kearns was unable to attend. Nancy Keenan had other meetings scheduled during the day and would be late.

Approval of minutes for November 14, 1988. Mr. Ryan moved that the minutes be approved as presented by the Executive Secretary. Mr. Cowan seconded the motion which passed unanimously.

Financial Reports. Jim Penner, Board of Investments, reported on the investments of the Teachers' Retirement System. Mr. Penner distributed the Board of Investments Annual Report and reviewed the current investment strategies with the Board. Mr. Penner stated that the annualized time waited total rates of return on both common stock and bonds had exceeded the SEI median, and inflation over the last ten years. Mr. Penner also reviewed the asset allocation goals for the Teachers' Retirement System stating that the system was currently 80% invested in fixed income securities and only 20% in equity. The goal for the Teachers' Retirement System was to increase the equity investment and decrease fixed income. Mr. Penner briefly reviewed the investment policy statement for the Montana Teachers' Retirement System and encouraged the Board to comment on the policy statement. The Chairman thanked Mr. Penner for his presentation.

Nancy Keenan joined the meeting.

The Chairman noted that Mr. Henry Badt was present, representing the Association of County Superintendents and directed the Board's attention to new business, membership of County Superintendents in the Teachers' Retirement System. The Executive Secretary explained that County Superintendents were covered under the Teachers' Retirement System as if membership were optional. The definition of a teacher, under Title 20 M.C.A., has been amended many times and has inadvertently affected eligibility for membership under the Teachers' Retirement System. He reviewed for the Board the definition of a teacher as defined by state law in 1939, which provided in part as follows: "Teacher shall mean any teacher in the public, elementary, and high schools of the state and university . . .

including all kindergarten teachers in the public school and shall include any school librarian or physical training teacher, principal, vice-principal, supervisor, superintendent, county superintendent of schools and any other member of the teaching or professional staff of any public school or high school of the state of Montana . . . The word teacher shall also include a person employed in the office of the Superintendent of Public Instruction in the performance of duties pertaining to the instructional services. In all cases of doubt, the retirement board shall determine whether any person is a teacher as defined by this act." The Executive Secretary explained this definition of a teacher no longer exists in law, but does provide the Board with an understanding of what positions were originally intended to be covered under the Teachers' Retirement System. The Executive Secretary also stated that of the current County Superintendents 5 retired under the TRS, 35 are active, and 18 are active under PERS. One County Superintendent does not participate in either TRS or PERS. Mr. Badt further explained that the majority of the County Superintendents believe that they may belong to either TRS or PERS and apparently they have been given this option in the past and they are concerned that the Board may required that they now change their retirement status. The Executive Secretary stated that he believed that the County Superintendents had been given the option in the past, however, this would have been contrary to any statutory authority under the Teachers' Retirement System. He suggested the Board adopt a policy regarding membership of the County Superintendents and that this policy not adversely effect the retirement status of any current County Superintendent. Beda Lovitt further explained that the Teachers' Retirement System is a mandatory system that does not give anyone the option to elect membership. The problem arises from relying on the definition of a teacher under Title 20. She recommended that the Board clarify their policy regarding membership and during the next session rewrite the statute to clearly state who is eligible for membership under the Teachers' Retirement System. Mr. Ryan moved that the Executive Secretary draft a policy statement regarding membership of elected County Superintendents, that it is the intent of the Board to cover County Superintendents under the Teachers' Retirement System, but it is not the intention of the Board to adversely impact the status of any current County Superintendent. Mrs. Egli seconded the motion which passed unanimously. Mr. Badt thanked the Board for their time and consideration and departed the meeting. The Chairman then directed the Board back to the agenda and financial reports.

SBAS On-Line Entry. Connie Griffith, TRS staff accountant, reviewed the changes for entering accounting documents into the Statewide Budgeting Accounting System (SBAS). She explained that the process of completing documents and submitting these documents to accounting for input into the system was being replaced by an on-line entry system. The individual who prepares a document will now be authorized to enter this document directly into the system and that someone else approve all documents prior

to their submission, however, we would no longer be able to require the authorization of two individuals before a document is submitted. Ms. Griffith answered the questions of the Board and further discussed the on-line system.

Budget Amendment. The Executive Secretary explained that it was necessary to request a budget amendment for the completion of the information required by the Governmental Accounting Standard Board for accounting reports. The cost of the actuary and data processing services to complete the information required by the Governmental Accounting Standard Board cost approximately $5,100.00. The amendment has been introduced as part of an overall budget amendment bill but has not been acted on as of this date.

Interest Rates for FY 1990. The Executive Secretary explained that interest rates on regular TRS accounts and the tax-sheltered annuity accounts are currently at 7% and 8% respectively. Rates have been historically set by the Teacher's Retirement Board at a rate close to that earned on short-term investments. The Executive Secretary recommended that no change be made in the interest rates paid on TRS accounts for the 1990 fiscal year. Mr. Cowan moved that the Board adopted the recommendation of the Executive Secretary. The motion was seconded by Mr. Ryan which carried unanimously.

The Board further reviewed the financial statements and investment reports as presented. After a brief discussion Mr. Cowan moved for acceptance of the financial reports as presented. Mrs. Egli seconded the motion which carried unanimously.

Executive Secretary's Report. The Executive Secretary briefly reviewed the report with the Board. Mr. Ryan moved for acceptance of the report as presented and Mr. Cowan seconded the motion which carried unanimously.

Legislation. The Executive Secretary briefly reviewed the status of legislation affecting retirement systems. He stated that with the exception of House Bill 317, the legislation introduced at the request of the Board had passed out of committee as introduced. He explained that House Bill 317, an act to limit the amount of earned compensation used in the calculation of retirement benefits, was amended to include a statement of intent which states, "It is the intent of the legislature to provide equitable retirement benefits to all members of the Teachers' Retirement System based on their normal service and salary. The Legislature further intends to limit the effect on the retirement system of isolated salary increases received by selected individuals through promotion or one time salary enhancements during their last years of employment. The bill provides that the amount of each year's earned compensation that may be used in the calculation of a member's average final compensation may not exceed the members earned compensation for the preceding year by

more than 10%, except as provided by rule by the Board. The Legislature intends that the Board's rules exempt from the 10% statutory cap increases that 1) result from collective bargaining agreements, 2) have been granted by the employer to all similar situated employees, or 3) have been received as compensation for summer employment. In addition, the legislature intends that the Board's rules require a member to provide an adequate documentation to permit the Board to make an informed decision concerning exceptions to the 10% statutory cap.

The Executive Secretary also explained that Senate Bill 448 would impose state income taxes on a portion of the member's monthly retirement benefits. He explained that as the bill was originally drafted, it was impossible to determine the amount of the monthly benefit that would be taxable. After a brief discussion the Chairman directed the Executive Secretary to lobby the legislature and explain the Board's opposition to imposing a state income tax on any portion of the retirement benefits paid to members of the Teachers' Retirement System.

At this point the Chairman recessed the meeting until after lunch.

At approximately 1:30 the meeting was called back to order. The first item of business was old business.

Joe Armijo - Research Assistant. The Executive Secretary explained that Mr. Armijo had called the day before and left word that he would be unable to attend the meeting. The Chairman directed that Mr. Armijo's petition be deferred until the next regular meeting of the Teachers' Retirement Board.

Tax-sheltered Annuities. The Executive Secretary explained that the Teachers' Retirement System had offered a tax-sheltered annuity program since 1967. The plan required little administration for the first few years, but since 1984 there have been many federal law changes which have required a great deal of administration. Currently there are only 200 members participating in the program, 113 are active members of the system and the remaining are inactive or retired. He further explained that in 1985 the Board reviewed the necessity for continuing this proposal and directed the Executive Secretary at that time to pursue other alternatives. He recommended that the Board attempt to find a third party that would take over the administration of the program on behalf of the Board and that future legislation be sought to terminate this program. After a brief discussion, the Chairman directed the Executive Secretary to prepare alternatives for the Board to review at a future meeting.

New Business:

Teacher's Aides. The Executive Secretary explained that coverage under the Teachers' Retirement System for teacher's

aides has been inconsistent. Teacher's aides may be eligible for membership under the Teachers' Retirement System only if they are employed in an instructional services capacity. He stated that the Board's current policy, found in reporting instructions furnished to school clerks, requires that teacher's aides employed in an instructional services capacity for 30 or more full-time days during a school year must be a member of the Teachers' Retirement System. However, there appears to be no specific definition of instructional capacity. Without a specific definition a variety of practices have developed across the state for covering teacher's aides. He recommended that the Board consider the following alternatives:

1. Continue to require that teacher's aides be members of the Teachers' Retirement System if employed in an instructional services capacity for 50% or more of the school DAY and that they be employed for at least 30 or more full-time days during the school year. Under this alternative, instructional services capacity would mean, to assist a teacher in the education and instruction of students in the regular curriculum of the institution and would exclude general aides who provide clerical or support functions for teachers or administrative staff.

2. Exclude all teacher's aides from membership under the Teachers' Retirement System. In this case, instructional services capacity would be interpreted to mean to educate and instruct students in the regular curriculum of the institution or to take part in the curriculum development.

The Executive Secretary further recommended that under either alternative, teacher's aides covered under either TRS or PERS be given the option to maintain their current retirement status. After a brief discussion, Mr. Ryan moved to continue to require teacher's aides be members of the Teachers' Retirement System if employed in an instructional services capacity for 50% or more of the school year and for at least the equivalent of 30 full-time days during the fiscal year and directed the Executive Secretary to draft Administrative Rules effective July 1, 1989, to define instructional services capacity. Mrs. Egli seconded the motion which carried unanimously.

Interest Charged on Contributions Not Reported. Helena Flats School, Kalispell, has requested that interest charged on contributions not reported on behalf of Mrs. Helen Gustafson be waived. Mrs. Gustafson has been a teacher's aide with the Helena Flats School Districts since the 1975-76 school year and the School District claimed that they were unaware that teacher's aides in an instructional services capacity were eligible for membership under the Teachers' Retirement System, and for this reason requested that the interest be waived. The Executive Secretary explained that the reporting instructions since 1974, furnished to all employers, have stated that teacher's aides in an instructional services capacity for 30 or more full-time days

in a school year must be members of the Teachers' Retirement System. He further stated that many teacher's aides and their employers have paid the contributions and interest due on wages not reported to the Teachers' Retirement System. He stated that it has been the Board's policy to require that when wages have not been reported to Teachers' Retirement System that interest be paid on the contributions due. He recommended that the interest not be waived. Mr. Cowan stated that there appears to be only two courses of action that may be taken by the Board. 1) Disallow membership for service not reported or 2) collect the interest. He stated that equity requires that the interest must be paid since both the member and the school district have had the use of the money not reported to the Teachers' Retirement System. After a brief discussion Mr. Cowan moved that for the sake of equity and funding of the Teachers' Retirement System the district and the member be required to pay the interest and contributions due. Mr. Ryan seconded the motion which carried unanimously.

Vesting of PERS Service in the Teachers' Retirement System. the Executive Secretary explained that Mr. K. Cotton of the University of Montana had recently been promoted from a PERS position to a TRS position with the University. Mr. Cotton has approximately 22 years of creditable service under the PERS and is requesting the Board seek a statutory change to recognize PERS service as creditable service under the Teachers' Retirement System. Following a brief discussion Mr. Cowan moved that House Bill 159 be amended to define PERS service as creditable service under the Teachers' Retirement System. Mrs. Egli seconded the motion which carried unanimously.

Estimate of Retirement Benefits - Ronald L. Hall. Mr. Hall petitioned the Retirement Board to be allowed to use the salary reported for 177 days during the 1987-88 school year in the calculation of retirement benefits. The Executive Secretary explained that the Teachers' Retirement Act requires that benefits be based upon a member's total years of creditable service and average final compensation. Average final compensation means the average of the earned compensation of the member during the three consecutive years of full-time service which yield the highest average and on which contributions have been made. Since Mr. Hall was not reported for at least 180 days during the 1987-88 school year and plans to retire at the end of the current school year, his last three years of employment may not be used in the calculation of average final compensation. The Executive Secretary further explained that Mr. Hall has the option to purchase the portion of the year not reported during the 1987-88 school year. The Executive Secretary recommended that if Mr. Hall purchases the balance of the 1987-88 school year, the salary reported to the Teachers' Retirement System for this year be used in the calculation of retirement benefits. Mr. Cowan moved for adoption of the recommendation of the Executive Secretary. Mrs. Egli seconded the motion which passed unanimously.

Any Other New Business. Mr. Ryan stated that he would like to have the Board pursue changes that would permit the Retirement Board to set the salary of the Executive Secretary and require that this position serve at the pleasure of the Retirement Board. The Board discussed this matter at some length at which point the Chairman directed the Executive Secretary to work through the Department of Administration, Personnel Division to clarify why the Board did not maintain their authority to establish the salary for the Executive Secretary and Assistant's positions at the time classification was initiated.

Approval of Applications and Benefits. The Board briefly reviewed the regular retirement and survivor applications and adjustments. Mr. Cowan moved for acceptance of the applications and the adjustments as presented. Mrs. Egli seconded the motion which carried unanimously.

Disability Retirements - William Z. MacDonald. The Board reviewed the application and attending physician's statement. Mrs. Egli moved for approval of the disability application and Mr. Cowan seconded the motion which carried unanimously. The Assistant Executive Secretary also presented the disability application of Avalyn M. Carlson. She explained that the attending physician's statement on file had been received in 1986. After a brief discussion, Mr. Ryan moved that a current physician's statement be requested. Mr. Cowan seconded that motion which carried unanimously.

Next Meeting Date. Chairman Corbin set Friday, May 19, 1989, as the next regular meeting of the Teachers' Retirement Board. Mr. Cowan then moved to adjourn which passed unanimously.

Chairman

Executive Secretary

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - NOVEMBER 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Hofland, Arline | 07-01-88 | Blaine | 14.44 | 67 | 0 | - | $ 285.81 |
| Mallory, William R. | 11-01-88 | Vested Right | 8.61 | 57 | 0 | - | 144.31 |
| Norman, Norma | 07-01-88 | Deer Lodge | 22.59 | 61 | 0 | - | 798.50 |
| Oechsli, George W. | 10-01-81 | Vested Right | 9.94 | 53 | 0 | - | 134.15 |
| William, Glen I. | 11-01-88 | U of M | 23.39 | 55 | $12,934.68 | I | 1,491.02 |

## SURVIVOR APPLICATIONS - NOVEMBER 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Sears, Ella N. | 09-01-88 | Vested Right | 8.06 | 54 | 0 | - | $ 401.10 |
| Survivor of Sam G. Sears | | | | 56 | | | |
| Hemmer, Carmen | 10-01-88 | Flathead | 17.11 | 42 | 0 | - | 731.43 |
| Survivor of John Hemmer | | | | 43 | | | |

## ADJUSTMENTS - NOVEMBER 1988

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Anderson, Patricia A. | 07-01-88 | $1,448.92 | $1,448.43 |
| Decrease in benefit due to use of actual term pay received | | | |
| Bell, Glenda | 07-01-88 | 1,446.93 | 1,444.86 |
| Decrease in benefit due to use of actual 87-88 salary | | | |
| Campbell, Henry C. | 07-01-88 | 1,765.48 | 1,761.95 |
| Decrease in benefit due to use of actual term pay received | | | |
| Cowan, Anne M. | 07-01-88 | 806.18 | 807.92 |
| Increase in benefit due to additional compensation | | | |
| Eakman, Frances | 07-01-88 | 970.82 | 970.42 |
| Decrease in benefit due to use of actual term pay received | | | |
| Holen, Harold H. | 07-01-88 | 1,880.32 | 1,880.18 |
| Decrease in benefit due to use of actual term pay received | | | |
| Luce, Richard W. | 07-01-88 | 1,307.08 | 1,307.68 |
| Increase in benefit due to use of actual term pay received | | | |

| | | | |
|---|---|---|---|
| Nordtvedt, Kenneth L<br>Increase in benefit due to use of actual term pay received | 07-01-88 | 2,187.09 | 2,187.11 |
| Rudberg, Donald<br>Increase in benefit due to use of actual term pay received | 08-01-88 | 2,228.19 | 2,252.34 |
| Sayed-Ahmed, Salah<br>Decrease in benefit due to use of actual term pay received | 07-01-88 | 1,036.08 | 1,032.20 |
| Schneider, Mary P.<br>Decrease in benefti due to use of catual 87-88 salary | 07-01-88 | 723.15 | 721.68 |
| Signori, Victor<br>Increase in benefit due to 87-88 contract adjustment | 04-01-88 | 1,626.21 | 1,757.80 |
| Small, Aaron p.<br>Change from Option A to Normal Form due to divorce | 11-01-88 | 1,470.34 | 1,470.34 |
| Stonnell, John M.<br>Increase in benefit due to use of actual 87-88 salary and term pay received | 07-01-88 | 1,555.54 | 1,556.30 |
| Videon, Fred<br>Decrease in benefit due to use of actual term pay received | 07-01-88 | 1,479.33 | 1,479.09 |
| Youngren, Darwin<br>Increase in benefit to reflect use of actual 87-88 salary | 07-01-88 | 636.49 | 638.47 |

RETIREMENT APPLICATIONS - DECEMBER 1988

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Thornton, Melvin | 12-01-88 | Vested Right | 11.19 | 60 | 0 | - | $ 243.66 |

RETIREMENT APPLICATIONS - JANUARY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Argenbright, Ed | 01-01-89 | State Dept. | 32.67 | 54 | 0 | - | $1,707.95 |
| Dorgan, William J. | 01-01-89 | M.S.U. | 20.00 | 50 | 0 | - | 758.57 |
| Fogarty, Jean A. | 01-01-89 | Silver Bow | 27.79 | 58 | $6,690.86 | I | 1,037.01 |
| Frasier, Minnie A. | 01-01-89 | Missoula | 26.27 | 64 | 2,553.67 | I | 1,197.15 |
| Peters, Donald L. | 01-01-89 | Yellowstone | 36.67 | 63 | 6,961.68 | I | 1,638.20 |
| Peterson, Ardyce | 01-01-84 | Vested Right | 13.00 | 60 | 0 | - | 96.30 |
| Stensland, Gail M. | 01-01-89 | Vested Right | 23.92 | 59 | 1,286.13 | II | 480.80 |
| Stephens, Marian G. | 01-01-89 | M.S.U. | 36.67 | 64 | 8,415.00 | I | 1,489.13 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Stevens, Reid E. | 04-01-85 | Vested Right | 21.15 | 50 | 3,771.56 | II | 606.43 |
| Wiesner, Loren E. | 01-01-89 | M.S.U. | 26.61 | 50 | 16,540.00 | I | 1,74[illegible]8 |

SURVIVOR APPLICATIONS - JANUARY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Molsberry, Gail | 11-01-88 | Roosevelt | 19.78 | 61 | $1,650.00 | I | $1,967.42 |
| Survivor of Milton M. Molsberry | | | | 64 | | | |

RETIREMENT APPLICATIONS - FEBRUARY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Copps, George "Jack" | 01-01-89 | Lewis & Clark | 28.67 | 52 | $20,426.40 | I | $2,179.16 |
| Tummala, Krishna K. | 07-01-88 | Vested Right | 9.00 | 52 | 0 | - | 223.45 |

EXECUTIVE SECRETARY'S REPORT
February 17, 1989

The pace of the 51st Legislative Session has started to pick up. As of this date, it appears that we will have a total of ten proposals affecting the Teachers' Retirement System. Six have been introduced and have either been heard or are scheduled for hearing, the remainder will be introduced in the near future. Of the three bills introduced at the request of the Teachers' Retirement Board, HB 314 to generally revise the Teachers' Retirement System and HB 159 defining transfers between TRS and PERS have been heard in the House and transmitted to the Senate. HB 317 to limit the compensation used in the calculation of average final compensation has run a ground and will be difficult to move through the House. In all, I am very pleased with the progress of this session. We have a terrific working relationship with all organizations representing members of the Teachers' Retirement System. I am confident this will be a successful session for the Teachers' Retirement System.

The Montana Teachers' Retirement Association has indicated they will be preparing information to be included with the March benefits to retirees. This information will be similar to the card mailed last year explaining their organization and the benefits of membership.

As you are probably aware, the Speaker of the House has appointed a select committee on education. This committee has reviewed many proposals for funding education. Of concern to the Teachers' Retirement System, is a proposal to make the obligations of the districts for Teachers' Retirement a general fund expenditure. Currently these obligations are funded through a dedicated retirement fund. I am not concerned with the funding source or method as long as the obligation to TRS remains a statutory obligation for the district. I have testified before the committee on behalf of the Teachers' Retirement Board and expressed these concerns.

The Legislative Auditors' Office has completed their audit of the Teachers' Retirement System. However, due to the legislative session they have not issued their report or recommendations. However, I have had an opportunity to discuss their finding with the auditors on site. The audit team has found a number of significant accounting errors which will result in a qualified report. The auditors have indicated that they feel the errors resulted because of the turn over we have experienced in the position of the accountant and they have indicated that this information will be included in their report. The audit report will also contain a recommendation regarding the actuary file. It appears that neither our office nor the actuary maintain a copy of the original source data for the 1987 report. Since this information was not available, the auditors were not able to test the validity of the information furnished the actuary. The

recommendation concerning both audit exceptions will be to establish better internal controls.

In December we received a court order from Judge Keedy from Kalispell to stop all further payments to the beneficiary on the account of Rodney Butler. Mr. Butler's brother, Dale, is currently the recipient of the survivor benefits. At the time of Mr. Butler's death, he had changed his nomination of beneficiary to his brother. However, his ex-wife has petitioned the courts to stop all benefit payments and is asking that the beneficiary designation be disallowed and that she be eligible to receive the monthly benefit. On the advice of our attorney I have written the court explaining the Teachers' Retirement System regarding the nomination of beneficiary. The brother has hired an attorney and will be pursuing this matter.

Affective January 13, 1989, Marie McMurray resigned her position as secretary to the Teachers' Retirement System. Debbie McRae was promoted to this position. Since we have approximately $6,000.00 in vacancy savings that must be made up, we will not be filling this position immediately. Under the hiring freeze the Governor's Office is requiring that any requests to fill positions, other than internal transfers, be approved by his office.

# TEACHERS' RETIREMENT BOARD MEETING

May 12, 1989

Chairman LeRoy Corbin called the meeting to order at 9:00 a.m. in the office of the Teachers' Retirement System. Those present were:

LeRoy Corbin, Chairman
Virginia Egli, Active Teacher
J. Thomas Ryan, Retired Member
James E. Cowan, Board Member
William Kearns, Board Member
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Paul Smietanka, Legal Counsel

Approval of minutes for February 17, 1989. The Chairman asked for comments or questions regarding the February 17, 1989, minutes. Mrs. Egli requested than any statements or questions of the Board not be transcribed word for word but edited to be made as brief as possible. The Executive Secretary stated that there was a correction on page 5 regarding teacher's aides. Requirements for teacher's aides should be changed to read, "if employed in an instructional services capacity for 50% or more of the school day" rather than school year. Mr. Kearns moved to approve the minutes as amended. Mr. Ryan second the motion which carried unanimously.

Financial Statements. The Assistant Executive Secretary reviewed the 1990-91 biennium budget as approved by the legislature. After a brief discussion of the financial statement, budget report and investments, Mr. Ryan moved to accept the reports as presented. Mr. Kearns seconded the motion and it passed unanimously.

Nancy Keenan, Superintendent of Public Instruction joined the meeting.

Chairman Corbin directed the meeting to old business.

Legislation. The Executive Secretary introduced Mr. Steve Bender, Acting Deputy Director for Policy, Department of Revenue. Mr. Bender reviewed the Department of Revenue's proposal to tax retirement benefits should the issue to addressed during the special session. He explained that a recent Supreme Court Ruling found that states cannot tax retirement benefits of federal civil servants and military personnel while exempting state and local retirees from the same tax. In response to this decision the Administration proposes to tax all retirees equitably regardless of source(s) of their retirement income. A two-tiered retirement exemption is proposed to accomplish this objective:

Tier One Provide a tax-free allowance from Montana income tax paid on employee contributions to a pension fund. The tax-free allowance is determined by multiplying pension income by the fraction, N/80, where N equals the number of years the employee paid taxes to Montana on his pension fund contributions.

Tier Two Grant an additional retirement exemption of $18,000 for the taxable portion of the pension income (after subtraction of the tax-free allowance). The exemption is indexed for inflation as measured by changes in the Consumer Price Index.

Mr. Bender further explained that this formula would apply only to employer sponsored pension plans and would not apply to personal retirement plans. This proposal will result in a reduction of tax revenue of approximately $4 million. The Board discussed the issue of taxation of benefits at some length but did not take any action.

The Executive Secretary reviewed with the Board legislation that successfully passed the 51st Legislative Session.

Joe Armijo - Research Assistant. The Executive Secretary explained that Mr. Armijo is appealing the Board's November, 1988, decision to deny his application to purchase out-of-state teaching service with the University of Wyoming as a research assistant. Mr. Armijo had submitted additional information to support his claim that his position with the University of Wyoming was a professional position and would have been covered under the Montana Teachers' Retirement System had the services been performed in-state. After review of the additional documentation, Mr. Kearns moved to approve Mr. Armijo's request to purchase his out-of-state teaching service with the University of Wyoming. Mr. Cowan seconded the motion, the motion passed with Mr. Ryan voting "No". Following a brief discussion of his reason for voting "no", he requested that his vote be changed to "Yes".

Don Collins - Service not Reported by MSU. Mr. Collins requested to purchase the service not reported during the 1961-62 through 1964-65 school years when he was employed with MSU under a National Defense Act Grant. The Board had reviewed Mr. Collins' petition on November 14, 1988, and moved to allow Mr. Collins to purchase this service provided he could show that the grant allowed for funding of retirement benefits. Mr. Collins has made several attempts to provide adequate documentation but the actual grant document no longer exists. The documentation he provided clearly shows he was employed by MSU in research and as an instructor during that time. Mr. Ryan moved to approve the purchase, Mr. Kearns seconded the motion which carried unanimously.

Tax-sheltered Annuities. In February, 1989, the Board directed the Executive Secretary review the tax-sheltered annuity plan and recommend alternatives for its administration. The Executive Secretary recommended the Board maintain the Montana Teachers' Retirement Tax-sheltered Annuity Plan but contract with a marketing agent to service members participating in this plan and to contract with a money manager to handle investment and financial accounting. Mr. Cowan moved to accept the recommendation of the Executive Secretary. Mr. Ryan seconded the motion which carried unanimously.

New Business. Chairman Corbin noted that individual petitions regarding the 10% statutory cap were scheduled to be heard at 2:00 p.m. and directed the Board's attention to sabbatical leave.

Patricia A. Habeck. Patricia Habeck requested the Board review the administrative interpretation of earned compensation used in the calculation of average final compensation. Mrs. Habeck was on a paid sabbatical leave for the 1987-88 school year at 1/2 salary and received a full year's service credit for the school year. Mrs. Habeck would like to retire at the end of the 1989 or 1990 school year, however, her three highest consecutive year's earnings are 1985, 1986, and 1987. The definition of average final compensation is found under state law 19-4-101(5). Average final compensation means the average of the earned compensation of a member during the three consecutive years of full-time service which yield the highest average and on which contributions have been made. Mrs. Habeck would like to use the salary she would have earned had she not been on sabbatical leave at 1/2 salary. The Executive Secretary explained that state law does not permit members to purchase additional salary and therefore, this option would not be available to the Board. After a brief discussion, Mr. Cowan called for the orders of the day.

Chairman Corbin directed the Board to out-of-state teaching service prior to 1967, Ray Hart. Mr. Hart became a member of the Teachers' Retirement System effective July 1, 1969. At the time of Mr. Hart's employment he was assured by the University of Montana that he could purchase ten years of private out-of-state teaching service. However, effective July 1, 1967, the law was changed to allow members to purchase only five years of out-of-state teaching service. In January, 1979, Mr. Hart twice received correspondence from the Teachers' Retirement System stating that he could purchase ten years of out-of-state teaching service. In January, 1981, the error was discovered and Mr. Hart was informed that the maximum number of years he could purchase was five, Mr. Hart had made no attempt to purchase ten years of out-of-state teaching service. Mr. Hart requested that he be allowed to purchase an additional five years of out-of-state teaching service based upon the incorrect information he received from this office in January, 1979, and the information he had received from the University at time of his employment. Mr. Corbin asked the attorney to comment on the obligation of the

Board in regards to incorrect information given by the retirement system. Mr. Smietanka explained that the law had changed in 1967 and that at no time did Mr. Hart have a right to purchase ten years of out-of-state teaching service. The University cannot bind the Board or the system based on its representation to Mr. Hart and the Board could not legislate through error or through correspondence. If Mr. Hart had any rights to purchase ten years based upon the information he was given, he did not exercise them or rely on them to his determent. Therefore, the Board is not obligated at this time to allow Mr. Hart to purchase a maximum of ten years of out-of-state teaching service. The Board discussed the issue at some length at which time Mr. Kearns moved to deny Mr. Hart's request. Mr. Cowan seconded the motion which passed unanimously.

Payments of Unused Sick leave, Annual Leave and Bonuses. Administrative Rules require that payments made under contract for any unused sick leave or annual leave paid at the end of each school year be reported to the Teachers' Retirement System as earned compensation. The Executive Secretary explained that we had recently encountered the payment of bonuses at the end of each school year. After a brief discussion regarding the inclusion of bonuses as earned compensation, the Chairman directed the Executive Secretary to amend the Administrative Rule to require that bonuses paid under contract to all similarly situated employees be reported as earned compensation.

At 12:00 the meeting was adjourned for lunch and called back to order at 1:00 p.m.

Administrative Rules. The Executive Secretary reviewed with the Board the Draft Administrative Rules which had been mailed to the Board prior to the meeting. After a brief discussion, the chairman directed the Executive Secretary to notice the Administrative Rules for public hearing as soon as possible.

Actuarial Contract. The Executive Secretary explained the contract for actuarial services expires June 30, 1989. He recommended that the contract be renewed with Hendrickson, Miller & Associates for the 1990-91 biennium as follows:

| Duties and Responsibilities | Fiscal Year 1990 | Fiscal Year 1991 |
|---|---|---|
| Biennial Evaluation | $10,510.00 | |
| Monthly Retainer | $ 3,900.00 | $ 3,900.00 |
| GASB Report | | $ 5,200.00 |
| Experience Study * | $ 4,700.00 | |
| TIAA-CREF Review | (amount to be negotiated) | |

* An experience study is to be completed to review the actual experience of the Teachers' Retirement System with the actuarial assumptions. If data processing resources are available, this study will be completed during the 1990 fiscal year. If resources are not available, the study will not be completed until FY 1991.

Mr. Ryan moved that the Retirement Board ask the Board of Regents to pay the cost of the valuation to review the impact on the Teachers' Retirement System of the optional retirement plan. Mr. Kearns seconded the motion which passed unanimously.

Mr. Kearns moved for renewal of the actuarial contract with Hendrickson, Miller & Associates as recommended by the Executive Secretary. Ms. Keenan seconded the motion which passed unanimously.

10% Statutory Cap - Ronald Allen. Mr. Allen was present and explained that he had been a member of the Teachers' Retirement System since 1962 and had a total of 26.5 years of creditable service. He had first requested retirement estimates in early 1988 and that he was not aware of House Bill 317 until April, 1989. He stated that the increases in salaries he had experienced were not in anticipation of retirement and had been offered to him by the school board in recognition for the job he had done. He was not expecting such a large increase but the salaries were not out of line for superintendents of Indian school districts within the State of Montana. Mr. Allen further stated that he received the information regarding House Bill 317 95 days before his planned retirement date. He did not believe the application of this law was equitable when effective so close to his date of termination. He stated that he was aware of the bill during the legislative session but had assumed the bill would be effective July 1, 1989, and not impact his plans for retirement. Based on these facts he was asking the Board to vacate the provisions of the bill in his case.

The Executive Secretary explained the bill and read the statement of intent included with the legislation. Mr. Cowan asked if the Board had the discretion to act on Mr. Allen's request. Mr. Smietanka responded that he was unaware of any means whereby the Board could delay the effective date of the bill. After further discussion, Mrs. Egli moved to deny Mr. Allen's request to vacate the provisions of House Bill 317 in the calculation of his benefits. Mr. Ryan seconded the motion which passed unanimously.

Lowell Dunlop. Mr. Dunlop retired effective April 1, 1989, and his salary for 1988-89 exceeded the preceding year by more than 10%. Although previous inquires had been made, Mr. Dunlop was not advised of the impact House Bill 317 would have on his retirement benefits until April 14, 1989.

Mr. Dunlop stated that he was requesting an exemption to the 10% statutory cap because he was not notified by this office of the provisions of House Bill 317 until April 14, 1989. It also stated that he did not receive any additional compensation during his last year of employment only that the contract was paid during the period of July 1, 1988, through March 31, 1989, rather than over the full fiscal year. Mr. Heikes, Administrative Vice President for Admissions, explained Mr. Dunlop had been hired

last fall by Eastern Montana College to do some extra work rather than hire a consultant and they were asking that an exemption be allowed for these additional duties. Mr. Kearns asked the legal counsel to respond. Mr. Smietanka stated that clearly the intent of the legislation is to address one time salary enhancements over the members final years preceding retirement. The legislation gives the Board the authority to grant exceptions to the 10% cap. The Board must determine if circumstances surrounding the application of the law in Mr. Dunlop's case warrant an exception.

Following further discussion of possible exemptions Mr. Smietanka suggested that the staff review the calculation of salaries used to determine benefits. Seeing no objections the Chairman ordered the Executive Secretary to review the calculation of salaries and Mr. Dunlop's benefit.

Chairman Corbin noted that Mr. Hart was in attendance and asked the Executive Secretary to recap for Mr. Hart the action the Board had taken earlier in the day. Mr. Hart explained his position and asked the Board to reconsider their earlier position. The Board discussed Mr. Hart's request and no further action was taken.

NCPERS Report. Mrs. Egli and Mrs. Harrington attended the 1989 NCPERS Convention in San Fransico. Each reported the events of the conference to the Board. Mr. Cowan moved to accept the reports and Mr. Ryan seconded the motion which passed unanimously.

NCTR Convention. Mrs. Egli moved that David Senn and LeRoy Corbin represent the TRS at the NCTR Convention in Anchorage, Alaska, September 24-29, 1989. Mr. Kearns seconded the motion which passed unanimously.

Any Other New Business. The Executive Secretary reported that he had recently written several articles for inclusion in the MEA newsletter and submitted the articles to other organizations representing members of the system asking that they too include the information in future newsletters. He stated that he had written the articles in the past but planned to have future articles written by other members of the staff. Mr. Cowan asked if it were possible to request that members of the Board receive future MEA newsletters. The Executive Secretary stated that he would ask MEA to include the Board members on their mailing list. He also stated that the Handbook of Information was being rewritten by Mary Harrington and will be available with the annual statements the second week of August. He further explained he had been asked to serve as chairman on a department task force to review the transfer of the state compensation insurance fund from the Department of Labor to the Department of Administration.

Retirement Application, Benefits and Adjustments. The Executive Secretary noted that in calculating retirement benefits Francis S. Weatherly did not have three full years earnings on which benefits could be calculated. Since Mr. Weatherly had 30.5 months reported during the last three years of employment, his benefit was calculated based on the average of the salaries reported for this period. Mr. Kearns moved for approval of the retirement applications, benefits and adjustments. Mr. Cowan seconded the motion which carried unanimously.

Disability Review. The Board reviewed a delinquent disability report of retirees who failed to submit annual reports supporting their continued disability. The Executive Secretary explained that state law provided for the benefits to be terminated by the Board if the retiree does not submit the information requested. Mr. Kearns moved that a letter be written to the individuals explaining the law and stating that the Board will terminate their benefits if documentation is not received within 30 days. Mr. Ryan seconded the motion which passed unanimously.

Avalon Carlson. The Board reviewed the application and Attending Physician's Statement. Mr. Ryan moved to approve the Disability Application of Mrs. Carlson. Mr. Kearns seconded the motion, the motion carried unanimously.

David Roos. The Board reviewed the application and Attending Physician's Statement. The Board noted that the attending physician had not stated whether Mr. Roos was obligated to quit teaching. Mr. Ryan suggested that the Board request a second opinion from an audiologist regarding Mr. Roos' disability. Mr. Cowan moved to approve the application subject to review of additional medical information by staff. Mr. Kearns seconded the motion which passed unanimously.

Next Meeting Date. Chairman Corbin set Friday, July 21, 1989, as the next regular meeting of the Teachers' Retirement Board. Mr. Cowan moved to adjourn which passed unanimously.

Chairman

Executive Secretary

# RETIREMENT LISTING

## RETIREMENT APPLICATIONS - FEBRUARY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Barrett, Louis C. | 02-01-89 | M S U | 35.40 | 65 | $ 7,343.14 | I | $ 1,947.46 |
| Culum, Marjorie A. | 02-01-89 | Lewis & Clark | 25.00 | 62 | 4,500.00 | I | 1,000.63 |
| Fogarty, Eugene B. | 02-01-89 | Silver Bow | 28.50 | 55 | 9,136.98 | I | 1,290.48 |
| Glasscock, Jeanne L. | 02-01-89 | Lewis & Clark | 24.56 | 67 | 6,822.00 | I | 1,051.81 |
| Johnston, Don W. | 01-01-89 | Roosevelt | 19.44 | 58 | 30,502.48 | II | 911.42 |
| McGiboney, Barbara | 02-01-89 | Cascade | 25.07 | 47 | 2,187.89 | I | 935.73 |

## RETIREMENT APPLICATIONS - MARCH 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Jackson, Joyce L. | 03-01-89 | Vested Right | 10.22 | 60 | $ 4,461.30 | II | $ 308.50 |
| McCoy, Alan J. | 11-01-87 | Vested Right | 18.29 | 60 | 0.00 | - | 286.69 |
| Rosencrans, Don H. | 03-01-89 | Silver Bow | 26.11 | 52 | 5,276.93 | II | 1,006.31 |
| Samson, Robert L. | 07-01-82 | Vested Right | 11.58 | 60 | 0.00 | - | 113.[illegible] |
| Trask, Martha A. | 07-01-88 | Lake | 14.89 | 55 | 0.00 | - | 288.[illegible] |

## SURVIVOR APPLICATIONS - MARCH 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Tierney, Marcia J. | 02-01-89 | Silver Bow | 18.56 | 52 | $ 0.00 | -- | $ 814.55 |
| Survivor of Geo. H. Tierney | | | | 54 | | | |

## RETIREMENT APPLICATIONS - APRIL 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Bourque, Joseph H. | 04-01-89 | M S U | 25.00 | 56 | $ 7,769.00 | I | $ 1,370.82 |
| Driscoll, Frances M. | 04-01-89 | Missoula | 21.84 | 68 | 0.00 | - | 1,029.40 |
| Dunlop, Lowell A. | 04-01-89 | E M C | 33.50 | 56 | 27,298.83 | I | 2,352.32 |
| Enman, Julia L. | 04-01-89 | Granite | 23.26 | 64 | 0.00 | - | 500.80 |
| Fiscus, Alvin G. | 04-01-89 | M S U | 30.71 | 59 | 10,288.79 | I | 2,280.02 |
| Foust, Beverly J. | 04-01-89 | Flathead | 18.00 | 50 | 0.00 | - | 274.32 |
| Johnston, Joseph W. | 04-01-89 | Vested Right | 11.00 | 52 | 0.00 | - | 99.02 |
| Rohrbaugh, Earl | 09-01-84 | Vested Right | 12.86 | 60 | 0.00 | - | 95.[illegible] |
| Skiles, H. Brisbin | 04-01-89 | Lewis & Clark | 36.50 | 62 | 16,011.65 | II | 1,892.[illegible] |
| Weatherly, Frances S. | 04-01-89 | E M C | 18.73 | 64 | 0.00 | - | 615.[illegible] |

(Used salary reported for 30.5 months)

ADJUSTMENTS - APRIL 1989

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Tierney, Marcia J.<br>Increase in retirement benefit to reflect use of termination pay under Option I. | 02-01-89 | $ 814.55 | $ 922.70 |

May 2, 1989

Board listing of disability retirees who failed to submit the annual required documentation supporting their disability benefits by the April 15th deadline:

Doohan Sr., Thomas P.
Gilman, Robert L.
Keck, Dorothy J.
McMahon, Michael G.
Nicholson, Rosemary
Quinn, Donald W.
Robbins, John E.
Stroup, Joan H.

130

Executive Secretary's Report

David L. Senn
May 1, 1989

The 51st Legislature came to an end on Friday, April 21. The legislation introduced at the request of the Teachers' Retirement Board together with other bills have been enacted to provide may enhancements to the Teachers' Retirement System. However, the legislature's work is not over, they will be back the middle of June to address the school under funding issues.

On March 28, 1989, the U.S. Supreme Court ruled 8 to 1 that the state cannot tax retirement benefits of federal civil servants and military personnel while exempting state and local retirees from the same tax. The case involved Michigan's income tax which was leveled on federal retirement benefits while exempting the state's own workers. On Friday, April 28, five federal retirees in the state of Montana filed a similar suit in federal district court. The states affected by the ruling are Arizona, Colorado, Georgia, Louisiana, Michigan, Missouri, Montana, New York, North Carolina, Oregon, South Carolina, Virginia, West Virginia and Wisconsin.

As of the date of this writing, Mary Harrington and myself will be traveling to Billings on May 3, 1989, to provide individual retirement counseling to approximately 50 members and a general session in the late afternoon. Because of the legislative session we have not done any other traveling during the last quarter, with the exception of the conference and St. Louis.

We have had several personnel shifts within the division. Susan Wiltrout was promoted from the Refund Clerk position, Grade 7, to the Accounting Clerk position, Grade 8, and will assist the retired payroll position and provide backup for the Secretarial/Receptionist position. Donovan Schmidt has moved from Data Entry, Grade 7, to the Refund Clerk position. We are advertising for a Data Entry Operator.

I have been asked by the interm Director, Department of Administration, to serve on a task force to make recommendations for the transfer of the Workers' Comp. Court to the Department of Labor and the State Compensation Mutual Insurance Fund from the Workers' Comp. Division to the Department of Administration. The new division under the Department of Administration will be an attached to agency. I have also been asked to chair the task force. We will begin work the middle of May and plan to finish in about one month.

MEA has offered space in their monthly newsletter "TODAY" for articles regarding the Teachers' Retirement System. I have provided information for articles for the April and May additions and plan to have something available for each month. The

articles will be written by members of the staff and will cover areas of legislation, accounting, retirement benefits and creditable service. If the Board would like to participate by writing articles for inclusion in future additions of the "TODAY", I feel that this would be a great addition for meeting our goal to keep members more informed.

# TEACHERS' RETIREMENT BOARD MEETING

July 21, 1989

Vice Chairman William Kearns called the meeting to order at 9:00 a.m. in the office of the Teachers' Retirement System. Those present were:

William Kearns, Vice Chairman
J. Thomas Ryan, Retired Member
James E. Cowan, Board Member
Virginia Egli, Active Teacher
Nancy Keenan, Ex-Officio SOPI
David L. Senn, Executive Secretary
Mary L. Harrington, Assistant Executive Secretary
Paul Smietanka, Legal Counsel

LeRoy Corbin was ill and unable to attend.

Approval of minutes for May 12, 1989. Mr. Cowan moved for acceptance of the minutes as presented by the Executive Secretary. Mr. Ryan seconded the motion which carried unanimously.

Election of Officers. Vice Chairman Kearns called for nominations for Chairman. Mr. Ryan nominated Bill Kearns for the position of Chairman and moved that nominations be closed. Mr. Cowan seconded the motion which carried unanimously. Chairman Kearns opened the floor for nominations for the position of Vice Chairman. Mr. Ryan nominated James Cowan and moved that nominations be closed. Ms. Keenan seconded the motion which carried unanimously.

Financial Statements. Following a brief review of the financial statements, budget report and investments Mr. Ryan moved to accept the reports as presented. Mrs. Egli seconded the motion which carried unanimously.

Executive Secretary's Report. The Executive Secretary briefly reviewed the report as submitted. He commented that he had been in contact with the Personnel Division, Department of Administration, and requested that their consulting contract be amended to include consulting services for review and analysis of the request for proposal being developed for the Montana Teachers' Retirement System Tax-sheltered Annuity Program. He stated that the estimated cost for this service would be approximately $5,000.00. Following a brief discussion Mr. Cowan moved to approve the Executive Secretary's Report as presented. Mr. Ryan seconded the motion which passed unanimously.

Old Business:

Administrative Rules Report. Paul Smietanka, Legal Counsel, reported that a public hearing was held on July 20, 1989, at 10:00 a.m. in the office of the Teachers' Retirement System to hear the Administrative Rules as noticed by the Teachers' Retirement Board on June 19, 1989. He reported that no one attended the meeting and no comments had been received to date. The Executive Secretary commented that copies of the Administrative Rules had been sent to all organizations representing teachers and to all county superintendents and that the deadline for written comment did not close until 5:00 p.m. on July 27, 1989.

Missoula County Strike. During the 1980-81 school year employees of Missoula County, School District #1 were on strike and lost up to .07 year service credit. Members were allowed to purchase the time lost under the leave provision until 1987 at which time Administrative Rules were written in accordance with 19-4-204 MCA to allow members to purchase up to one month of service for a leave of absence without pay. Members were informed of their option to purchase this service through correspondence with the district and through negotiations with MEA.

Mr. James Lizzotte petitioned the Board stating he was unaware that this service had to be purchased and that interest would be charged on the unpaid balance as of July 1 of each fiscal year. Mr. Lizzotte has lost .03 year service credit due to the strike. He had submitted payment for the contributions only in the amount of $78.88 and has refused to pay accrued interest of $55.05.

The Executive Secretary commented that all members who had purchased this service to date had been required to pay interest and he recommended Mr. Lizzotte not be granted credit for the Missoula County strike time until the accrued interest is paid. Mr. Ryan asked Tom Billadeau if the MEA was aware that interest would be charged. Mr. Billadeau stated that to the best of his knowledge if members had paid the contributions due within the year, no interest was charged. He also stated that information concerning the purchase of the strike service was communicated through MEA's publications to all retired members as well as all Missoula teachers. He stated they would have received this information in three ways, from the state association through the MEA TODAY, through a letter to local association presidents and through their uni-serve or business rep. office newsletter in Missoula. Mr. Cowan moved for adoption of the Executive Secretary's recommendation. The motion was seconded by Mrs. Egli and carried unanimously. Chairman Kearns then directed the Executive Secretary return Mr. Lizzotte's $78.88 payment and inform him of the Board's decision.

10% Statutory Cap Report. The Executive Secretary explained the report included examples of accounts on which administrative action had been taken to allow exceptions for salaries in excess of the 10% statutory cap and also three members whose earnings exceeded their preceeding year by more than 10% for reasons other than those which had previously been approved by the Board.

Mr. Whisonant's 1986-87 earnings exceeded his preceding year's earnings by more than 10%. Mr. Whisonant's earnings in excess of the 10% limit resulted from a move on the negotiated pay schedule because of further education and experience. Mr. Ryan moved that an exception to the 10% statutory cap be allowed for all increases that are included in the collective bargaining agreement. Motion seconded by Mrs. Egli and passed unanimously.

Thea Swenson. Mrs. Swenson's earnings for the 1986-87 school year exceeded the preceding year by more than 10% because of extra duties that had been included in her contract. The Executive Secretary explained that the extra duties were part of an extra duty schedule that had been in existence for quite some time. After a brief discussion, Mr. Cowan moved that an exception be made for additional duties if part of an existing compensation schedule, which is included in the collective bargaining agreement. Mr. Ryan seconded the motion which carried unanimously.

Robert F. Johnston. Mr. Johnston's 1987-88 salary exceeded his previous year's salary by more than 10% because Mr. Johnston was promoted from a classroom teacher to principal. Paul Smietanka commented that the position of principal was a pre-existing position that pre-dated the member and that the Board may wish to consider to allow an exception for existing positions that are not of a one time or temporary nature which would be disallowed according to the statement of intent included with the enabling legislation. After a brief discussion Mrs. Egli moved to allow an exemption for promotions to positions that were established and existing prior to the member's promotion. The motion was seconded by Ms. Keenan and carried unanimously.

New Business:

Interest Paid on Tax-sheltered Annuity Accounts. The Chairman noted Mr. Kranick was present to discuss with the Board the current interest rate paid under the tax-sheltered annuity program. The Executive Secretary explained that the current rate for the 1989-90 fiscal year had been set by the Board at 8%. He noted that this rate was set based on the interest earnings for both the Teachers' Retirement System and the tax-sheltered annuity program. The assets of both funds were co-mingled and separate accounting was not available for interest earned or for administrative expenditures. Mr. Kranick explained that he was before the Board because the Board had only declared an 8% rate for the coming year and he felt the Board had received returns in excess of 12%. He wanted to know why the Board paid only 8% when

he felt the Board of Investments had earnings in excess of 12% and as far as he could see, the Board of Investments had done all the work. He also asked why there had not been a separate accounting or reporting for the tax-sheltered annuity fund. Chairman Kearns asked the Executive Secretary to respond. The Executive Secretary stated that the Board has been reviewing the administration of the fund for the past several months. The Board recently made the decision to develop a request for proposals for administration and investment of the tax-sheltered annuity account. He stated that it was the Board's intention to expand the plan offering members a wider variety of investment options as well as enhanced administrative services.

In regards to the rate of interest earned by the Board of Investments, the Executive Secretary noted that the annual report of the Board of Investments for the 1988 fiscal year showed an annual yield on invested assets of 10.64%. The estimated yield for fiscal year 1989 is 10.63%.

He recommended the Board proceed with the RFP and once the proposals had been received, the Board would have an opportunity to select a vendor that would provide the largest return to members as well as an enhancement of administrative services.

Purchase of Legislative Service. Members of the Teachers' Retirement System serving in the legislature generally are not reported to the TRS for the time spent in session. In the past these members have purchased this service under the Public Employees' Retirement System and then transferred the contributions to the Teachers' Retirement System. The PERS Board allowed legislators to purchase their legislative service at any time prior to retirement without interest. Following a brief discussion, the Chairman recessed the meeting until after lunch. Ms. Keenan stated that she would not be able to attend the meeting following lunch and that she would abstain from voting on the legislative service issue.

At 1:00 p.m. the meeting was called back to order. The Board continued to discuss the issue regarding legislative service and if legislators should be charged interest on contributions due to purchase service credit for time served in the legislature. Paul Smietanka, Legal Counsel, noted that state law 5-2-304 MCA provides for a much simpler method whereby TRS members serving in the legislature may elect to continue to participate in the Teachers' Retirement System and may make contributions on either their regular monthly salary or their monthly salary as a legislator. However, the statue does not address the issue of whether a legislator must pay interest on the contributions due to purchase this service. After a brief discussion Mr. Ryan moved to allow legislators to purchase their legislative service without interest at any time while serving in the legislature and to charge interest once they were no longer a member of the legislature. Mrs. Egli seconded the motion which carried unanimously.

Pre-retirement Planning Conference. The Executive Secretary stated that it had been part of the Board's goals to develop a pre-retirement planning program for members of the Teachers' Retirement System. He noted that the annual conference for the Pre-retirement Education Association was scheduled for September 16 through September 20, 1989, in St. Paul, Minnesota, and recommended that Mary Harrington be authorized to attend the conference with the anticipation that she would develop a program and conduct pre-retirement planning workshops. The estimated cost to attend the conference is $786.00. Mr. Cowan moved that Mary Harrington attend the conference and the cost be funded through the Minnie Fullam Fund. Mrs. Egli seconded the motion which carried unanimously.

The Chairman then asked if there was any other new business. The Executive Secretary noted that Chairman LeRoy Corbin was unable to attend the meeting today and that the contracts for actuarial services had been prepared for his signature. There being no objection, Chairman Kearns directed the Executive Secretary to sign the contracts on behalf of LeRoy Corbin.

Retirement Applications and Adjustments.

Regular retirement and survivor benefits. The Executive Secretary reported for the Board's information that the Application for Survivor Benefits of a minor child, Benjamin Cestnik, had been referred to the attorney for review. It was noted in the file that Sandra Copeland, Benjamin Cestnik's mother and member of the retirement system, had indicated that a trust had been established for her son, however, the application had been returned to this office completed by the boy's father with the benefits to be sent to the father's account. Paul Smietanka reported that a trust had been established in the name of Benjamin Cestnik and he would be advising the staff as to the proper payment of the account. Following a brief discussion Mr. Cowan moved to approve the regular retirement and survivor applications. Mrs. Egli seconded the motion which carried unanimously.

Adjustments.

Isadore Estes. When Mrs. Estes retired she had selected a retirement option that provided for benefits to continue to her survivor at 2/3 of the amount payable while both she and her husband were living. The retirement system was not notified of the death of her husband in November, 1982, and the account has been overpaid $8,580.00 through January 1989. Mr. Smietanka recommended that an affidavit be prepared for the signature of Mrs. Estes' son, Thomas Estes, stating he was unaware of any assets that would be available to satisfy the overpayment. The Board briefly discussed the matter and the possibility of collecting the overpayment from the bank or banks that cashed the check or from other assets that may be available. There being no

objections, the Chairman directed the Executive Secretary to proceed to collect the overpayment through the bank(s) that cashed the checks and with the clerk of court. If these efforts prove fruitless to then request that Thomas Estes sign the affidavit as recommended by the attorney. The Chairman also directed that the Executive Secretary establish procedures to require annual written verification on all survivor options providing evidence that both the member and the beneficiary are living.

Justin V. Tolliver. Justin Tolliver has been receiving a minor child benefit since September 1, 1977, which was to terminate upon his 18th birthday. At the time his benefit was established it was created with a stop date, in the data processing system, of August 1, 1990, instead of August 1, 1980. Mr. Tolliver has been overpaid $10,600.00. Mrs. Egli moved that the staff and attorney move to collect the overpayment to Mr. Tolliver. Mr. Cowan seconded the motion which carried unanimously.

Disabilities.

Joyce D. Johnson. The Board reviewed the application and attending physician's statement. Mr. Ryan moved for approval. Mrs. Egli seconded the motion which carried unanimously.

David B. Roos. Mary Harrington explained that the Board reviewed the application and attending physician's statement for disability benefits for Mr. David B. Roos at their meeting of May 12, 1989. The Board at that time tentatively approved the application subject to a review of additional medical information. The Executive Secretary explained that together with a request for a second opinion from an audiologist, we have also requested that Mr. Roos' employer write our office regarding the difficulties they had observed and if they felt he could continue to function in his current position. As of this date we have not received the additional information requested.

The Executive Secretary recommended the Board include as part of all future applications for disability retirement an employer's statement which describes the difficulties the employer has observed and the ability of the member to function in their current position which are caused by the disability. After a brief discussion, the Chairman directed that a statement from the employer be made part of the regular application for disability procedures.

Marie C. Stone. The Board reviewed the application and attending physician's statement. The Executive Secretary noted that Mrs. Stone was applying for disability benefits retroactive to October 1, 1988. He recommend that the Board request a statement from her employer indicating the difficulties they had observed at the time of her termination as a result of the disability. Mrs. Egli moved to tentatively approve the application for disability retirement subject to receipt of an employer's

statement and additional information from the attending physician's regarding the time of the disability. Motion was seconded my Mr. Cowan and carried unanimously.

James C. Nordlund. The Board reviewed the application and attending physician's statement and Mr. Cowan moved to approve the application for disability retirement. Mrs. Egli seconded the motion which passed unanimously.

Next Meeting Date. Chairman Kearns set Monday, October 30, 1989, for the next regular meeting of the Teachers' Retirement Board. Mr. Ryan moved for adjournment which passed unanimously.

Chairman

Executive Secretary

138

EXECUTIVE SECRETARY'S REPORT

David L. Senn
July 12, 1989

The Legislative Audit Committee met on May 22, 1989, and heard the Audit Report of the Teachers' Retirement System for the two year period ending June 30, 1988. There were two audit recommendations in which the Board concurred. The first recommendation was to comply with applicable state policies concerning transactions, support and recording and to establish a procedures manual specific to it operations to insure use of consistent accounting procedures. The committee requested the Legislative Auditor be notified upon completion of the accounting procedures manual. The second recommendation recommended the actuary be required to report on the actuarial soundness of the system and that the TRS comply with state record retention policies.

On May 26, 1989, I met with the MEA Executive Committee to review retirement legislation passed by the 1989 regular session. Larry Nachtsheim of the Public Employees' Retirement System was also present and we presented a basic comparison of the two retirement systems.

On June 9, 1989, Mary Harrington attended the NCPERS Executive Committee meeting in Denver. The committee reviewed federal legislation affecting public retirement plans and other conference business.

As of the date of this writing, the special session of the 1989 legislature has tabled House Bill 5, to tax retirement benefits of state and local retirees. This proposal as amended would have provided for taxation of all benefits above $12,000.00 indexed for inflation providing an effective exclusion of $18,000.00 for the 1989 tax year. This proposal also allowed for a recovery of the members already taxed contributions made prior to 1985. House Bill 5 also provided for a study of taxation of retirement systems. At this time it appears nothing will be done during the special session to tax state and local retirement benefits.

The request for proposals for alternatives to the administration and investment options of the Montana Teachers' Retirement System Tax-sheltered Annuity Program has been substantially drafted. I have contacted the Personnel Division, Department of Administration, and requested their contract for consulting services to review the state's deferred compensation program, be amended to also provide for the review of the Teachers' Retirement System Tax-sheltered Annuity Program. We are proceeding with this amendment and will met with the consultant on July 24 to negotiate fees and a time schedule.

We have not begun the projects to review membership requirements for employees of the University System and for county superintendents. During the regular session it was discovered that the University System has been reporting all employees with a "Board of Regents Contract" to the Teachers' Retirement System. This includes employees such as the Director of Printing and Publication as well as the Director of Building Maintenance. Following the special session we will schedule a meeting with the Commissioner's Office of Higher Education to review all positions under the University System and properly classify these positions under either the Teachers' Retirement or the Public Employees' Retirement Systems. We will also schedule meetings with the County Superintendents Association.

RETIREMENT LISTING

RETIREMENT APPLICATIONS - MAY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Anders, Dorothy Ann | 05-01-89 | Beaverhead | 18.00 | 58 | 2,011.74 | I | 625.15 |
| Fenton, Betty Jean | 05-01-89 | Cascade | 19.19 | 60 | | | 427.93 |
| Lind, Jean L. | 02-01-89 | Silver Bow | 20.32 | 63 | 10,452.96 | I | 987.28 |
| Thompson, Terrance | 05-01-89 | N M C | 25.00 | 53 | | | 934.60 |
| Thurston, Rbt. Vance | 04-01-89 | M S U | 27.39 | 63 | 32,893.92 | I | 2,666.24 |

SURVIVOR APPLICATIONS - MAY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Hetrick, Kirk M. | 05-01-89 | Valley | 31.62 | 34 | | | 401.49 |
| Survivor of Helen Swanson | | | | 58 | | | |
| Swanson, Magnus R. | 05-01-89 | Valley | 31.62 | 68 | | | 583.84 |
| Survivor of Helen Swanson | | | | 58 | | | |
| Steffani, Earl T. | 01-01-89 | Cascade | 21.70 | 62 | | | 939.46 |
| Survivor of Donneatta B. Steffani | | | | 60 | | | |

ADJUSTMENTS - MAY 1989

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Bourque, Joseph H. Adjust to reflect actual termination pay. | 04-01-89 | 1,370.82 | 1,369.55 |
| Chessin, Meyer Adjust to reflect leave of absence. | 07-01-88 | 2,480.33 | 2,460.71 |
| Dunlop, Lowell A. Adjustment to relect correction of termination pay. | 04-01-89 | 2,352.32 | 2,415.71 |
| Frasier, Minnie Adjust to reflect use of high three years. | 01-01-89 | 1,197.15 | 1,198.61 |
| Glasscock, Jeanne L. Adjust to reflect creditable service and salary for the | 02-01-89 | 1,051.81 | 1,051.41 |

1988-1989 school year.

| | | | |
|---|---|---|---|
| Nielson, Thomas G.<br>Adjust for use of highest three years. | 07-01-88 | 1,207.01 | 1,211.28 |
| Rall, Margaret E.<br>Adjust to reflect use of termination pay under Opt. I. | 01-01-89 | 956.21 | 995.50 |
| Ranta, Roger A.<br>Adjust due to termination pay litigation. | 07-01-88 | 1,232.05 | 1,174.11 |
| Wooden, Richard E.<br>Adjust to reflect actual 1987-1988 salary. | 07-01-88 | 1,232.69 | 1,235.29 |

RETIREMENT APPLICATIONS - JUNE 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Ambramavage, Joseph C. | 06-01-89 | Vested Right | 9.00 | 60 | | | 193.45 |
| Cheever, Donald H. | 07-01-89 | M S U | 31.83 | 60 | 13,206.42 | I | 2,389.26 |
| McDowall, Hazel M. | 07-01-88 | Vested Right | 12.11 | 60 | | | 255.44 |

TEACHERS' RETIREMENT BOARD MEETING

October 30, 1989

Vice Chairman Cowan called the meeting to order at 9:00 a.m. in the office of the Teachers' Retirement System. Those present were:

Jim Cowan, Vice Chairman
Virginia Egli, Active Teacher
LeRoy Corbin, Active Teacher
John Kranick, Retired Teacher
David Senn, Executive Secretary
Mary Harrington, Assistant Executive Secretary
Dave Evenson, Commissioner's Office of Higher Ed.
Tom Billadeau, MEA
Wilma Jensen, County Superintendent, Choteau
Paul Smietanka, Legal Counsel

Nancy Keenan was attending a Land Board meeting and arrived at 10:00 a.m. Verna Green did not attend.

Approval of Minutes for July 21, 1989. The chairman asked if there were any corrections or additions to the minutes of July 21, 1989. Virginia Egli moved to accept the minutes as presented. Mr. Corbin seconded the motion which carried.

Actuarial Valuation. Alton Hendrickson, consulting actuary, reviewed the actuarial valuation and an experience study of the Teachers' Retirement System as of July 1, 1989. He stated that the experienced study indicated that several non-economic assumptions should be changed and that he had prepared the valuation using the revised assumptions. He reviewed both reports in detail concluding the Teachers' Retirement System was actuarially sound. LeRoy Corbin moved to adopt the changes in actuarial assumptions as recommended by the consulting actuary and to accept the valuation as presented. Mrs. Egli seconded the motion which passed unanimously. The Executive Secretary explained the consulting contract had originally called for the experience study to be prepared and delivered by August 14, 1989. He and the consulting actuary had reviewed this date subsequent to signing the contract and determined that it would be best if the experienced study was released with the actuarial valuation. He asked that the board approve this change in the contract. Mr. Corbin moved to approve the change in the contract as recommended by the Executive Secretary. Mrs. Egli seconded the motion which carried.

OLD BUSINESS

10% Statutory Cap, Henry Parsons. Mr. Parsons explained that he felt the salaries he had received for the last three years of his employment through June 30, 1990, would most likely violate the provisions under the 10% statutory cap and he was asking the board to consider an exemption. He further explained that he was

requesting the exemption since he had received an increase in salary because he had assumed additional duties to coordinate the change from a quarter system to a semester system at Montana State University. He had also received an enhancement in salary when he had been named Acting Dean of Graduate Studies. The board reviewed Mr. Parsons' employment record and was concerned that the appointment to acting position may be used to circumvent the 10% statutory cap. Mrs. Egli moved to postpone action until additional information could be provided. Mr. Kranick seconded the motion which carried. Mr. Corbin stated that he would like to know when Mr. Parsons was appointed to the acting position. Mr. Parson responded that he had been appointed to the acting position effective July 1, 1988, and that he had been appointed in an acting capacity at different times in the past. He also explained that he had the option to return to his former position. The board continued to discuss the request of Mr. Parsons at some length. Mr. Cowan moved to allow an exemption to the 10% statutory cap for the calculation of Mr. Parsons retirement effective July 1, 1990. The motion was seconded by Nancy Keenan which passed with Mr. Kranick voting no. Mr. Corbin then asked the Executive Secretary to draft Administrative Rules to address exceptions to the 10% statutory cap for acting appointments.

Retroactive Salary Settlement, Donald Lang. The Executive Secretary explained that Mr. Lang received a retroactive settlement in 1988 for wages due for the school years 1973-74 through 1985-86. On November 14, 1988, the retirement board reviewed Mr. Lang's petition but took no action to consider the retroactive payment as wages, for retirement purposes, in the year received rather than in the years actually earned. On April 25, 1989, the Executive Secretary had written the Montana Education Association suggesting a fully funded alternative for using the wages as 1988 earnings. On behalf of Mr. Lang, Phil Campbell, MEA, asked that the board approve the alternative as drafted by the Executive Secretary. Mr. Smietanka, legal counsel, stated that he was uncomfortable with the board approving the alternative as requested in Mr. Campbell's letter of October 12, 1989, and recommended that a covenant not to sue be included before the board approves the alternative for using retroactive wages in the calculation of benefits. Mr. Corbin moved to defer action on the request of the MEA. Mr. Kranick seconded the motion which passed.

Teacher's Aides. The Executive Secretary explained that teacher's aides employed prior to July 1, 1989, have been given the option to elect membership under the Teachers' Retirement System if not already a member. This option of election had been misunderstood and it was assumed those electing membership would automatically transfer their PERS service to the Teachers' Retirement System. It was also assumed that since the Administrative Rule granting teacher's aides the election had been adopted prior to the effective date of House Bill 159, that teacher's aides would not be required to make an additional contribution to the Teachers' Retirement System. The Executive Secretary agreed that this probably was a logical conclusion and recommended that teacher's

aides electing membership at this time not be required to make the additional contribution and that their PERS service be transferred to the Teachers' Retirement System immediately. Ms. Keenan moved to waive the payment of additional contributions on PERS transfers made for teacher's aides electing membership under the Teachers' Retirement System. Mr. Corbin seconded the motion which passed.

The meeting was adjourned for lunch and reconvened at 1:30. Vice Chairman Cowan introduced Dave Lewis, Executive Director, Board of Investments. Mr. Lewis reported on the performance of the Teachers' Retirement System during fiscal year 1989 and the Board of Investments projections for fiscal year 1990.

Financial Statements and Budget Report. The board briefly reviewed the financial statements and budget reports. Mr. Corbin moved to accept the reports as presented. Ms. Keenan seconded the motion which carried.

Election of Officers. Mr. Kearns had been elected Chairman of the Teachers' Retirement Board during the preceding meeting, however, Mr. Kearns had not been reappointed to the board. LeRoy Corbin nominated Jim Cowan as Chairman and Virginia Egli to the position of Vice Chairman. Nancy Keenan seconded the motion which passed.

Executive Secretary's Report. The Executive Secretary briefly reviewed the report the board had received. He also reported that he and Larry Nachtsheim, Administrator, Public Employees' Retirement Division, had met with David Evenson, Director of Benefits, Montana University System, and the Montana University System's Unit Benefits Committee. The purpose of these meetings was to determine which positions under the University System would be members of the Teachers' Retirement System. Employees not required to be members of the Teachers' Retirement System would automatically fall under the Public Employees' Retirement System. Requiring all members with a Board of Regents contract to be members of the Teachers' Retirement System no longer met the needs of the University System and therefore, the Chancellor's Office in coordination with the individual units would review all positions but specifically 415 administrator/professional positions to define the appropriate retirement system for each position. The retirement administrators will then review the allocation with Mr. Evenson. Any positions that cannot be agreed upon will further be reviewed by a joint committee of the retirement boards. This committee will review the exceptions and hear any cases presented to them by individual members who have been disadvantaged by the application of the recent transfer situation under "Regents contracts/retirement membership policy".

NEW BUSINESS

Federal Extension Service, Bill Hartsog. Mr. Hartsog was a federal employee with the Federal Extension Service from July 1969 through December 1981. Effective January 1, 1982, federal legislation

changed the status of Mr. Hartsog's employment which resulted in he becoming an employee of the university system and thus a member of the TRS. Mr. Hartsog would like to purchase five years of his previous federal employment. Had this service been performed out-of-state, Mr. Hartsog would be allowed to purchase it without question under the out-of-state provisions as amended during the 1989 regular legislative session. The Executive Secretary recommended that the board allow Mr. Hartsog to purchase five years of his federal employment with the federal extension service at MSU. Mr. Corbin moved to adopt the recommendation of the Executive Secretary. Mr. Cowan seconded the motion which carried.

Teachers' Retirement System Membership. Mr. Bill Unger, Superintendent of Mountain View School, had petitioned the board to determine whether his position as superintendent qualifies for membership under the Teachers' Retirement System. The Teachers' Retirement Act provides that at any time a persons eligibility to become a member of the retirement system is in doubt, the retirement board shall determine his eligibility and that all persons in like circumstances shall be treated alike. The Executive Secretary recommended that the board not only consider the position of superintendent of Mountain View School but also the superintendent of Pine Hills. Ms. Keenan stated Mountain View School and Pine Hills were accredited high schools and that superintendents of other accredited high schools were required to be members of the Teachers' Retirement System. She moved that the positions of superintendent of Mountain View School and Pine Hills be required to become members of the Teachers' Retirement System. Mr. Corbin seconded the motion which passed.

Janet Colberg, school nurse, School District #1, Helena. The Executive Secretary explained that in 1987 legislation was adopted which required all school nurses hired after July 1, 1987, to become members of the Teachers' Retirement System. Following the adoption of this legislation School District #1, Helena, had informed all their school nurses of the statutory change and advised that they may elect to become members of the Teachers' Retirement System. Mrs. Colberg was given this option, and claimed to have elected TRS memberhsip, but for undeterminable reasons had not been included on the Teachers' Retirement Report. The Executive Secretary recommended that Mrs. Colberg be allowed to change her retirement status effective July 1, 1987, and that all PERS service credited at that time be allowed to transfer to the Teachers' Retirement System. Any service that she had purchased under the Public Employees' Retirement System in the interim, that would not have qualified under the Teachers' Retirement System, should not be allowed to transfer. Mr. Corbin moved to adopt the recommendation of the Executive Secretary. Mr. Kranick seconded the motion which carried.

Pre-retirement Planning Report. Mary Harrington reported she had attended a National Pre-retirement Education Association Conference September 17-20, 1989. She reviewed the agenda with the board and recommended that the Teachers' Retirement Board begin some form of pre-retirement planning program. She stated that this program could be conducted in coordination with the Professional

Development Center under the Department of Administration and that we could include some pre-retirement planning topics in our current presentations. Chairman Cowan thanked Mrs. Harrington for her presentation and directed that she prepare a work plan to implement her recommendations.

NCTR Conference Report, LeRoy Corbin and David Senn. LeRoy Corbin and David Senn had attended the National Council on Teachers' Retirement Conference in Anchorage, Alaska, September 25-29, 1989. They reported the agenda had been dominated by federal legislation and investments. Several bills were currently being considered by Congress which would further restrict and/or cripple the provisions of the State Public Retirement Plans. These provisions included minimum participation requirements, discrimination and reporting. They reported that the conference was very educational and informative and that they were now better prepared to address the issues with the Internal Revenue Service and Montana Congressional Delegation.

Selection of Delegates NCPERS Convention, May 13-17, 1990. Mr. Corbin moved that James Cowan and Mary Harrington attend the NCPERS Convention. Mrs. Egli seconded the motion which carried.

Approval of Application of Benefits. Regular retirement, special option, G. L. Mitchell. Mr. Mitchell has requested the board approve a special option (Option F) for receipt of his monthly benefit. Under Option F the benefit proposed must be the actuarial equivalent and agreed upon by the member and the board. Mr. Mitchell has proposed that he receive $500.00 per month increase until he is eligible for social security benefits at age 62 and at that time his benefit be actuarially reduced $440.00 per month for the remainder of his life. The system's actuary reviewed Mr. Mitchell's request and determined that his proposal would result in an actuarial equivalent benefit. Ms. Keenan moved to approve Mr. Mitchell's request. Mr. Corbin seconded the motion which carried. The board briefly reviewed the regular retirement and survivorship applications and adjustments. Mr. Corbin moved to accept the applications and adjustments as presented. Ms. Keenan seconded the motion which carried.

Disability retirements. The meeting was closed for review of the disability applications.

Montana Tolliver. The board reviewed the application and attending physician's statement. Ms. Keenan moved to approve the application for disability retirement. Mr. Cowan seconded the motion which passed.

Garnett Foster. The board reviewed the application and attending physician's statement for disability. Mrs. Egli moved to approve the disability retirement. Ms. Keenan seconded the motion which passed.

Donald W. Johnston. Mr. Johnston had applied for regular service retirement benefits effective January 1, 1989. The Executive Secretary stated that he had spoke with Mr. Johnston and believed

that he had intended to apply for disability benefits in 1989 but due to the delay in the preparation of the attending physician's statement had applied for service retirement benefits. Mr. Johnson was now requesting the board change his retirement status. The board reviewed the application and attending physician's statement for disability. Mr. Corbin moved to approve the application for disability retirement. Mrs. Egli seconded the motion which carried.

Next Meeting Date. There being no objection Mr. Cowan directed the next regular meeting of the Teachers' Retirement Board be scheduled for Friday, February 16, 1990.

The meeting was adjourned.

Chairman

Executive Secretary

EXECUTIVE SECRETARY'S REPORT

David L. Senn
October 30, 1989

Letters were mailed to all school districts the end of August explaining the board's recent ruling regarding teacher's aides. The districts were advised that all teacher's aides hired after July 1, 1989, were to be members of the Teachers' Retirement System and that teacher's aides hired prior to July 1, 1989, could elect to become members of the Teachers' Retirement System. Teacher's aides will have until October 31, 1989, to exercise this option.

Request for Proposals on the tax-sheltered annuity plan were mailed September 8, 1989, to approximately 80 vendors. Classified ads were also placed in the major Montana newspapers. We received six responses stating that they could not provide a proposal at this time but would be interested in making a proposal when we renew the contract. Twelve companies submitted proposals for consideration. These proposals will be analyzed by the TRS staff and our consultant, Tom Cavanaugh. A summary will be prepared for the board together with recommendations.

Historically Mary and I have done a great deal of traveling during the months of August, September and October. This year was no exception. Mary attended a pre-retirement planning conference in St. Paul, September 16th through the 20th. Mary was also in Missoula on the 25th to present a general overview on the Teachers' Retirement System, and met with the MEA Retirement Committee on September 30th. During the statewide professional development days Mary will give a general presentation on the Teachers' Retirement System to members of the Montana Federation of Teachers, meeting here in Helena on Thursday, and travel to Kalispell on Friday to meet with local teachers in that area. On September 11th, I met with the retired teachers during their state association meeting in Fairmont, with striking teachers in Great Falls on September 18th, attended the NCTR Convention in Anchorage, Alaska, on September 25th through the 29th, made a general presentation on teachers' retirement in Clancy on October 3rd and will be participating in the professional development days with MEA in Great Falls on October 19th.

The enhancements required to our data processing system by legislation adopted during the 1989 session are almost complete. Several programs have been written and installed. We are in the process of completing the programming necessary to implement the post-retirement adjustments. In order to implement this legislation we have found that it will be necessary to verify a great deal of information currently on our data base. We will be hiring two part-time employees for the months of November, December and January to verify birth dates, retirement options and total years of service credit. There are sufficient funds in personal services to cover these costs and we do not anticipate any budgetary impact.

RETIREMENT LISTING

RETIREMENT APPLICATIONS - JULY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Adams, Elaine R. | 07-01-89 | Yellowstone | 26.00 | 62 | | | 924.32 |
| Anderson, Beverly | 07-01-89 | L & C | 30.00 | 50 | 3,801.00 | I | 1,155.55 |
| Anderson, Larry | 07-01-89 | L & C | 30.00 | 52 | 6,860.00 | I | 1,271.78 |
| Anderson, Paul D. | 07-01-89 | Dawson | 31.92 | 54 | | | 1,155.53 |
| Arthur, George | 07-01-89 | Sanders | 19.67 | 61 | 512.58 | III | 571.85 |
| Aus, Rose Marie | 07-01-89 | Dawson | 30.79 | 55 | 4,132.31 | I | 1,389.59 |
| Ausen, Ruth A. | 07-01-89 | Carbon | 23.25 | 60 | 12,367.50 | I | 939.33 |
| Baker, Kim A. | 07-01-89 | Musselshell | 29.00 | 54 | | | 916.63 |
| Banks, Robert M. | 07-01-89 | Missoula | 16.00 | 60 | 9,077.00 | II | 1,122.20 |
| Banovich, Mary | 07-01-89 | Silver Bow | 25.67 | 60 | 1,235.03 | III | 982.45 |
| Bares, Robert F. | 07-01-89 | Yellowstone | 29.00 | 52 | 1,770.00 | I | 1,233.37 |
| Barnhart, Robert | 07-01-89 | Yellowstone | 32.75 | 62 | 1,636.20 | I | 1,245.67 |
| Behm, Ronald | 07-01-89 | Flathead | 31.00 | 54 | 10,000.00 | III | 1,662.80 |
| Bell, Fred L. | 07-01-89 | L & C | 27.20 | 55 | 2,943.27 | I | 852.89 |
| Bessac, Frank | 07-01-89 | U of M | 34.08 | 67 | | | 1,696.22 |
| Black, Russell H. | 07-01-89 | Glacier | 23.32 | 51 | 2,487.50 | III | 918.22 |
| Blaylock, Mildred | 07-01-89 | Yellowstone | 16.55 | 65 | | | 533.40 |
| Boe, John R. | 07-01-89 | Sweet Grass | 41.37 | 65 | 7,987.30 | I | 1,702.59 |
| Bond, Alfred Jr. | 07-01-89 | Glacier | 30.92 | 56 | | III | 1,374.94 |
| Bond, Bertha M. | 07-01-89 | Glacier | 24.00 | 53 | | III | 1,003.19 |
| Borsheim, Rita | 07-01-89 | Silver Bow | 20.14 | 57 | 1,821.79 | III | 604.74 |
| Boydston, Ruth | 07-01-89 | Missoula | 19.17 | 64 | 4,426.02 | I | 869.85 |
| Braaten, Agnes | 07-01-89 | Big Horn | 26.00 | 62 | 4,362.30 | I | 1,030.68 |
| Brannon, Helen | 07-01-89 | Liberty | 36.50 | 67 | 10,251.22 | I | 1,559.41 |
| Brown, Eldred | 07-01-89 | Sweet Grass | 38.00 | 60 | 7,829.11 | I | 1,727.80 |
| Bushly, Pat A. | 07-01-89 | V. R. | 13.44 | 57 | 122.53 | II | 255.34 |
| Cameron, Helen | 07-01-89 | M. S. U. | 22.02 | 60 | | | 987.84 |
| Campbell, Wm. R. | 07-01-89 | Missoula | 27.00 | 64 | 1,983.96 | I | 1,143.02 |
| Carlson, Loyal | 07-01-89 | Missoula | 25.78 | 57 | 1,200.00 | I | 718.96 |
| Carpenter, Rodney | 07-01-89 | Dawson | 29.15 | 54 | | | 1,087.32 |
| Chapman, Ray | 07-01-89 | U of M | 28.83 | 58 | 18,338.50 | I | 1,809.86 |
| Chvilicek, Robert | 07-01-89 | Pondera | 26.00 | 52 | | | 1,253.21 |
| Clark, Betty J. | 07-01-89 | Rosebud | 23.35 | 56 | 2,203.83 | I | 730.70 |
| Clark, Robert L. | 07-01-89 | Rosebud | 31.48 | 61 | 2,474.39 | I | 1,182.09 |
| Clark, Ramona | 07-01-89 | Missoula | 17.00 | 59 | 3,244.71 | I | 631.16 |
| Clearman, Ted | 07-01-89 | L & C | 28.01 | 51 | 7,256.66 | I | 1,521.43 |
| Cleveland, Clark | 07-01-89 | Valley | 26.00 | 48 | 1,600.00 | II | 1,025.47 |
| Collar, Richard | 07-01-89 | Yellowstone | 30.00 | 53 | 4,549.52 | III | 1,280.59 |
| Collins, Clinton | 07-01-89 | Flathead | 26.92 | 55 | 10,870.00 | I | 1,584.84 |
| Collins, Donna M. | 07-01-89 | Flathead | 29.56 | 52 | 3,000.00 | I | 1,158.05 |
| Collins, Royal E. | 07-01-89 | MT. Tech | 5.00 | 64 | 2,618.22 | I | 390.14 |
| Corcoran, Bert | 07-01-89 | Big Horn | 31.93 | 57 | 4,166.60 | I | 2,120.85 |
| Cotton, Carol M. | 07-01-89 | Valley | 30.78 | 51 | 10,000.00 | I | 1,393.58 |
| Cowan, Richard | 07-01-89 | Flathead | 26.00 | 49 | | | 1,113.13 |
| Cramer, Charles | 07-01-89 | L & C | 24.87 | 61 | 6,553.67 | III | 903.20 |
| Cumming, Frances | 07-01-89 | L & C | 22.27 | 60 | 2,280.85 | III | 776.54 |
| David, Bonita | 07-01-89 | Cascade | 28.49 | 58 | 7,530.25 | I | 1,790.91 |

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|---|---|---|---|---|---|---|---|
| Demmons, Jack | 07-01-89 | Missoula | 15.00 | 59 | 7,000.00 | III | 807.30 |
| Denny, Edith | 07-01-89 | Missoula | 29.00 | 53 | 1,074.11 | I | 1,177.16 |
| Dontigny, Don | 07-01-89 | Flathead | 29.03 | 56 | | | 1,059.57 |
| Dontigny, Marilyn | 07-01-89 | Flathead | 20.00 | 53 | | | 491.76 |
| Dooley, Mary L. | 07-01-89 | Glacier | 25.34 | 61 | 2,450.00 | III | 1,195.98 |
| Ehret, Marvin L. | 07-01-89 | Yellowstone | 31.00 | 50 | 21,634.88 | I | 2,264.33 |
| Ellis, Wm. R. | 07-01-89 | U of M | 30.80 | 63 | 12,207.00 | I | 1,124.62 |
| Everhard, Catherine | 07-01-89 | Deer Lodge | 27.00 | 49 | | | 955.75 |
| Fender, Wilma | 07-01-89 | Yellowstone | 34.00 | 70 | 5,569.24 | I | 1,240.60 |
| Ferguson, Marlene | 07-01-89 | Gallatin | 19.00 | 58 | | | 408.45 |
| Field, Chris | 07-01-89 | U of M | 27.67 | 58 | 6,441.00 | I | 1,346.03 |
| Figgins, Robert | 07-01-89 | MSU | 26.00 | 52 | 8,728.34 | I | 1,127.99 |
| Fisher, Eleanor | 07-01-89 | Flathead | 21.00 | 65 | | | 801.35 |
| Fisher, Ray A. | 07-01-89 | Flathead | 39.00 | 62 | 20,689.00 | III | 2,172.90 |
| Fisher, Ron R. | 07-01-89 | Yellowstone | 28.51 | 53 | 7,172.64 | II | 1,394.67 |
| Franzen, Bess | 07-01-89 | Yellowstone | 22.89 | 64 | 3,117.52 | I | 1,135.82 |
| Freeman, Gladys | 07-01-89 | Big Horn | 28.75 | 59 | 7,325.00 | I | 1,036.20 |
| Gillette, Lyle | 07-01-89 | Powell | 32.00 | 57 | 6,148.22 | III | 1,017.71 |
| Glynn, Valerie | 07-01-89 | Yellowstone | 32.00 | 60 | 4,568.23 | I | 1,559.38 |
| Gran, Theodore | 07-01-89 | Hill | 29.44 | 59 | | | 1,226.70 |
| Gunhold, Darlene | 07-01-89 | Missoula | 36.33 | 62 | 3,936.66 | I | 1,788.12 |
| Gustafson, Alice | 07-01-89 | Richland | 20.78 | 62 | 2,600.00 | I | 830.12 |
| Hall, Ron L. | 07-01-89 | Cascade | 30.58 | 54 | 2,965.56 | I | 1,282.06 |
| Hamill, Robert | 07-01-89 | Flathead | 26.17 | 62 | | | 1,054.99 |
| Hanley, Leo M. | 07-01-89 | Silver Bow | 25.00 | 62 | 11,446.50 | I | 1,042.30 |
| Hansen, Imogene | 07-01-89 | L & C | 26.55 | 62 | 2,522.64 | III | 1,266.09 |
| Harcharik, Ron | 07-01-89 | Roosevelt | 30.00 | 54 | 3,312.40 | III | 1,115.79 |
| Harstead, Pat | 07-01-89 | Silver Bow | 20.00 | 62 | | | 901.39 |
| Hart, Ray L. | 07-01-89 | U of M | 23.99 | 60 | 6,501.32 | I | 1,627.71 |
| Heidinger, Maurice | 07-01-89 | EMC | 26.83 | 59 | 6,660.39 | I | 1,269.34 |
| Hoelstad, Orpha | 07-01-89 | Cascade | 26.00 | 47 | 2,976.75 | I | 1,039.42 |
| Hyem, Roger T. | 07-01-89 | Missoula | 34.00 | 56 | 11,644.48 | I | 1,648.13 |
| Hoffman, Glenn | 07-01-89 | Missoula | 30.00 | 56 | 10,000.00 | III | 1,430.34 |
| Howe, Sylvia D. | 07-01-89 | Yellowstone | 25.00 | 47 | 6,412.47 | I | 1,080.79 |
| Ibey, Ernest | 07-01-89 | Missoula | 33.75 | 58 | 8,235.94 | I | 1,689.25 |
| Ingalls, Mary | 07-01-89 | Fergus | 26.89 | 58 | 10,923.46 | I | 966.07 |
| Jenkins, Betty | 07-01-89 | Jefferson | 42.11 | 63 | 2,400.00 | III | 1,672.37 |
| Jermunson, Paula | 07-01-89 | Gallatin | 26.00 | 61 | 5,884.92 | I | 1,113.55 |
| Jewell, Robert | 07-01-89 | Cascade | 28.00 | 60 | 7,457.10 | I | 1,682.13 |
| Johnson, Don K. | 07-01-89 | L & C | 26.44 | 49 | 8,141.90 | I | 1,321.78 |
| Johnson, Lanore | 07-01-89 | L & C | 26.00 | 49 | 6,480.90 | I | 1,050.72 |
| Johnston, Robert | 07-01-89 | Powell | 32.00 | 60 | 1,755.20 | III | 1,290.93 |
| Kampf, Grace | 07-01-89 | Garfield | 17.56 | 71 | | | 300.88 |
| Kasseth-King, Laura | 07-01-89 | L & C | 25.00 | 47 | 18.96 | III | 969.27 |
| Kiley, Robert L. | 07-01-89 | U of M | 23.98 | 65 | 7,359.21 | I | 1,177.92 |
| Kimball Jr., Ray F. | 07-01-89 | Yellowstone | 26.00 | 57 | | | 1,124.09 |
| Knuckey, Joseph | 07-01-89 | Silver Bow | 31.00 | 53 | 30,488.60 | I | 2,158.71 |
| Kober, Theodora | 07-01-89 | Jefferson | 40.00 | 60 | 1,570.71 | I | 1,507.20 |
| Koegen, N. Jeanne | 07-01-89 | Cascade | 20.00 | 62 | 1,965.10 | I | 749.12 |
| Kohn, Robert W. | 07-01-89 | Silver Bow | 31.22 | 55 | 18,403.30 | I | 1,717.72 |
| Koski, Carl M. | 07-01-89 | Yellowstone | 33.83 | 60 | 1,551.60 | I | 1,066.36 |
| Kropp, Clarence | 07-01-89 | Cascade | 33.00 | 56 | 4,775.60 | I | 1,957.15 |
| Kvande, Mava J. | 07-01-89 | Lake | 32.00 | 53 | 2,378.85 | I | 1,238.95 |
| Laden, Ella M. | 07-01-89 | Beaverhead | 30.00 | 66 | | | 1,390.32 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| LaPort, Alex K. | 07-01-89 | M S U | 12.54 | 58 | 3,544.00 | I | 482.06 |
| Larsen, Nancy J. | 07-01-89 | Yellowstone | 25.75 | 53 | 1,095.57 | I | 962.13 |
| Latham, Margaret | 07-01-89 | Fergus | 29.11 | 54 | | | 963.42 |
| Lee, John H. | 07-01-89 | Hill | 28.07 | 55 | 593.75 | II | 1,780.46 |
| Lehman, Larry R. | 07-01-89 | Teton | 27.00 | 50 | 6,371.70 | I | 1,582.82 |
| Lemon, Janice | 07-01-89 | Yellowstone | 26.00 | 55 | 5,883.70 | I | 1,046.50 |
| Lenander, Gerald | 07-01-89 | Yellowstone | 39.48 | 63 | 8,063.36 | I | 2,021.48 |
| Linendoll, Leslie | 07-01-89 | Ravalli | 30.88 | 60 | 8,820.00 | III | 1,266.51 |
| Livingston, Carol | 07-01-89 | Cascade | 25.00 | 47 | 3,133.42 | I | 1,164.84 |
| Malee, Jr., John | 07-01-89 | Deer Lodge | 39.00 | 62 | | | 1,256.17 |
| Malmo, John J. | 07-01-89 | Silver Bow | 28.00 | 52 | 12,961.50 | I | 1,416.37 |
| Maroney, Gary | 07-01-89 | Silver Bow | 27.77 | 48 | 607.20 | III | 1,082.19 |
| McCluskey, Murton | 07-01-89 | Cascade | 30.00 | 53 | 4,571.69 | I | 1,609.23 |
| McIlhattan, James | 07-01-89 | Hill | 32.00 | 55 | 6,618.00 | I | 1,477.65 |
| McPhail, Mary I. | 07-01-89 | Cascade | 28.00 | 63 | 1,064.51 | III | 1,064.50 |
| Melin, Wanda | 07-01-89 | Park | 42.00 | 65 | | | 801.27 |
| Mewes, Mary E. | 07-01-89 | Cascade | 23.21 | 59 | 3,037.18 | I | 735.36 |
| Moore, Dale E. | 07-01-89 | Gallatin | 32.78 | 57 | 5,016.00 | III | 1,681.94 |
| Mowat, Bernice | 07-01-89 | V.R. | 9.58 | 60 | | | 95.80 |
| Mular, Gerta | 07-01-89 | Beaverhead | 25.37 | 57 | 16,342.00 | III | 1,117.47 |
| Newhall, Chandler | 07-01-89 | Lincoln | 27.00 | 52 | 18,069.00 | I | 1,753.88 |
| Nichol, Lois B. | 07-01-89 | Yellowstone | 18.00 | 65 | 2,069.08 | I | 822.65 |
| Nichols, Leota H. | 07-01-89 | Toole | 33.00 | 65 | 1,500.00 | I | 1,241.44 |
| Niemi, Harvey | 07-01-89 | Cascade | 25.00 | 47 | 1,320.52 | I | 949.96 |
| Nilson, Ed W. | 07-01-89 | Deer Lodge | 31.92 | 59 | | | 1,336.12 |
| Nordrum, John N. | 07-01-89 | Cascade | 30.72 | 54 | 3,133.42 | I | 1,111.16 |
| Oakland, Marian | 07-01-89 | Richland | 30.00 | 53 | 19,129.00 | I | 1,494.86 |
| Olson, Arlyss F. | 07-01-89 | Sheridan | 35.00 | 56 | | | 1,310.95 |
| Olson, Robert L. | 07-01-89 | Sheridan | 35.00 | 55 | | | 1,299.42 |
| Pailliotet, Constance | 07-01-89 | Big Horn | 24.00 | 63 | 1,750.00 | III | 1,366.41 |
| Parr, Frances M. | 07-01-89 | L & C | 39.22 | 62 | 6,053.77 | III | 1,459.19 |
| Payne, Betty L. | 07-01-89 | Cascade | 28.00 | 62 | | | 882.23 |
| Perkins, D. Joanne | 07-01-89 | Custer | 27.02 | 60 | 170.00 | I | 846.00 |
| Petersen, Donald | 07-01-89 | Cascade | 33.00 | 60 | 8,176.31 | I | 2,420.78 |
| Petrik, Mary Lou | 07-01-89 | Richland | 16.44 | 57 | | | 401.56 |
| Plummer, Phyllis | 07-01-89 | Powder River | 25.67 | 47 | | | 870.32 |
| Prevol, John E. | 07-01-89 | Cascade | 26.00 | 59 | 1,624.45 | I | 1,201.89 |
| Rice, Grace H. | 07-01-89 | Silver Bow | 22.25 | 65 | 211.52 | I | 808.63 |
| Rink, Marjorie | 07-01-89 | Glacier | 25.67 | 65 | 1,330.00 | III | 933.30 |
| Robinson, Lester | 07-01-89 | Missoula | 29.18 | 62 | 1,824.96 | I | 1,056.73 |
| Roswurm, Melba | 07-01-89 | Yellowstone | 25.00 | 55 | | | 828.90 |
| Roth, Gerald W. | 07-01-89 | L & C | 36.92 | 60 | 13,500.00 | I | 2,349.89 |
| Schipf, Robert | 07-01-89 | U of M | 29.42 | 66 | 10,881.11 | I | 1,499.98 |
| Schroeder, Gerald | 07-01-89 | Gallatin | 28.69 | 52 | 7,306.98 | I | 1,284.48 |
| Scott, Jerry C. | 07-01-89 | Carbon | 25.00 | 46 | 13,930.80 | I | 1,342.70 |
| Selage, Nicholas | 07-01-89 | Big Horn | 29.00 | 70 | 340.00 | III | 1,435.64 |
| Sherman, Lester | 07-01-89 | Big Horn | 28.00 | 59 | | | 1,127.93 |
| Shesne, S. Ken | 07-01-89 | Carbon | 23.75 | 59 | 1,145.41 | I | 680.39 |
| Sindelar, Lois | 07-01-89 | Yellowstone | 18.83 | 59 | 1,166.55 | III | 633.96 |
| Sirokman, Richard | 07-01-89 | Pondera | 25.00 | 47 | 5,272.34 | II | 2,003.85 |
| Skiftun, Rosalie | 07-01-89 | Cascade | 17.99 | 62 | | | 541.94 |
| Solem, Mary E. | 07-01-89 | Lincoln | 12.00 | 60 | | | 289.65 |
| Sorg, Wm. E. | 07-01-89 | Yellowstone | 36.00 | 60 | 2,303.64 | III | 1,898.11 |
| Southern, Pat | 07-01-89 | Garfield | 24.72 | 56 | 6,660.00 | I | 729.48 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Stevens, Elizabeth | 07-01-89 | Ravalli | 25.00 | 49 | 8,820.00 | III | 937.25 |
| Suchy, Joellyn | 07-01-89 | Lincoln | 31.00 | 50 | 3,200.00 | III | 1,070.00 |
| Swenson, Thea W. | 07-01-89 | L & C | 31.07 | 59 | 7,186.95 | I | 1,417.47 |
| Tetlie, Sonia | 07-01-89 | Flathead | 30.00 | 53 | 5,000.00 | III | 1,436.82 |
| Thomas, Charlotte | 07-01-89 | L & C | 25.39 | 59 | 5,533.40 | I | 973.73 |
| Thomas, Marian | 07-01-89 | Yellowstone | 21.24 | 64 | 3,820.72 | I | 1,054.24 |
| Timmer, Phadoris | 07-01-89 | Custer | 34.00 | 54 | | | 1,261.46 |
| Troxel, JoAnne | 07-01-89 | Gallatin | 25.00 | 56 | 6,798.98 | I | 1,208.56 |
| Turner, Marjorie | 07-01-89 | Valley | 17.56 | 65 | 1,251.89 | I | 195.08 |
| VanGorden, Rachel | 07-01-89 | Pondera | 30.65 | 62 | 583.34 | I | 1,169.10 |
| VanMeter, James | 07-01-89 | L & C | 25.00 | 48 | 7,275.41 | I | 1,405.71 |
| Vicevich, Louis | 07-01-89 | Silver Bow | 28.00 | 52 | 4,767.24 | III | 1,276.67 |
| Walters, Don L. | 07-01-89 | Beaverhead | 37.00 | 61 | 7,381.08 | I | 1,700.65 |
| Waples, Joyce L. | 07-01-89 | Rosebud | 23.95 | 53 | 825.10 | I | 931.65 |
| Watts, Daniel | 07-01-89 | Richland | 35.00 | 52 | 24,205.50 | I | 2,399.39 |
| Wester, Ken D. | 07-01-89 | Cascade | 29.00 | 54 | 7,364.16 | I | 1,963.57 |
| Weiler, James M. | 07-01-89 | Sheridan | 28.34 | 53 | 13,792.00 | III | 1,060.31 |
| Weldon, Lois E. | 07-01-89 | Silver Bow | 33.00 | 61 | | | 1,159.33 |
| Wetz, Sylvia B. | 07-01-89 | Valley | 24.89 | 64 | 994.18 | I | 878.11 |
| Wheeler, Anita | 07-01-89 | Yellowstone | 28.00 | 60 | 1,854.00 | I | 1,042.20 |
| Whisonant, Joe | 07-01-89 | Blaine | 29.00 | 52 | 3,230.90 | I | 1,208.27 |
| Woltermann, Shirley | 07-01-89 | Yellowstone | 34.19 | 62 | 4,373.03 | I | 1,451.37 |
| Zeiler, Harold | 07-01-89 | Yellowstone | 25.00 | 48 | 5,274.00 | I | 1,289.54 |

SURVIVOR APPLICATIONS - JULY 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Braden, Vicki | 05-01-89 | Valley | 31.62 | 37 | | | 405.77 |
| Survivor of Helen Swanson | | | | 58 | | | |
| Gray, Dianne L. | 06-01-89 | L & C | 29.99 | 36 | | | 347.40 |
| Survivor of Donna Gray | | | | 59 | | | |
| Gray, Edward M. | 06-01-89 | L & C | 29.99 | 34 | | | 345.06 |
| Survivor of Donna Gray | | | | 59 | | | |
| Letke, Nancy K. | 07-01-89 | Custer | 17.00 | 39 | | | 592.34 |
| Survivor of Howard R. Letke | | | | 44 | | | |
| Nay, Laura K. | 06-01-89 | L & C | 29.99 | 29 | | | 340.45 |
| Survivor of Donna Gray | | | | 59 | | | |

ADJUSTMENTS - JULY 1989

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Schnelle, Linda L. | 07-01-88 | 171.81 | 173.03 |
| adjust to reflect the use of termination pay under Opt. II | | | |

RETIREMENT APPLICATIONS - AUGUST 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Allen, Ronald L. | 07-01-89 | Roosevelt | 26.41 | 57 | 10,408.30 | I | 1,883.03 |
| Amberson, Max L. | 07-01-89 | M.S.U. | 31.50 | 56 | 22,000.00 | I | 2,748.95 |
| Berard, Marlene | 08-01-89 | V.R. | 8.00 | 56 | | | 144.09 |
| Berard, Walter | 08-01-89 | V.R. | 13.00 | 55 | 3,855.05 | I | 275.52 |
| Blake, Vivienne T. | 07-01-89 | Missoula | 17.56 | 56 | 3,000.00 | I | 555.42 |
| Bulman, Johanna | 07-01-89 | Missoula | 23.00 | 60 | 862.60 | III | 862.59 |
| Bushnell, Joan | 07-01-89 | Yellowstone | 16.78 | 58 | 4,224.11 | I | 565.89 |
| Carlson, Terry | 07-01-89 | Silver Bow | 27.92 | 52 | 9,683.73 | I | 1,576.33 |
| Crowell, Virginia | 07-01-89 | Yellowstone | 25.45 | 60 | 2,320.56 | III | 1,137.62 |
| Deglow, Hubert A. | 07-01-89 | Ravalli | 26.50 | 51 | 21,850.00 | I | 1,618.52 |
| Eliseo, Virginia | 07-01-89 | Cascade | 25.22 | 47 | | | 1,081.89 |
| Ellestad, Richard | 07-01-89 | Fergus | 27.64 | 52 | 17,371.54 | III | 1,112.46 |
| Frampton, Jesse H. | 07-01-89 | V.R. | 9.00 | 59 | | | 287.25 |
| Hynes, Joyce | 07-01-89 | Gallatin | 20.78 | 62 | 10,110.00 | I | 1,413.24 |
| Johnson, Patricia B. | 07-01-89 | L & C | 26.00 | 48 | 83.83 | III | 1,247.28 |
| Jones, Charlotte J. | 07-01-89 | Cascade | 23.58 | 51 | | | 551.07 |
| Miller, Violet E. | 07-01-89 | Missoula | 23.31 | 65 | 4,864.65 | I | 1,146.43 |
| Peuse, William M. | 08-01-89 | Flathead | 25.00 | 48 | | | 970.65 |
| Rogers, Gary W. | 08-01-89 | Yellowstone | 32.11 | 55 | 26,996.09 | I | 2,332.38 |
| Schara, LaRue | 07-01-86 | V. R. | 8.00 | 52 | | | 129.98 |
| Schmid, Gordon | 07-01-89 | Valley | 27.77 | 51 | 10,000.00 | I | 1,316.51 |
| Smith, Charles E. | 06-01-87 | V. R. | 10.42 | 50 | 3,643.66 | III | 163.39 |
| Smith, Richard K. | 08-01-89 | U of M | 25.04 | 72 | 9,623.13 | I | 1,402.28 |
| Stevens, Lois O. | 07-01-89 | Flathead | 13.68 | 65 | 78.23 | III | 179.14 |
| Worrest, Henry N. | 08-01-89 | Beaverhead | 25.02 | 59 | 17,062.50 | I | 1,775.82 |

ADJUSTMENTS - AUGUST 1989

| | RETRO TO | FROM | TO |
|---|---|---|---|
| Clark, Betty J. adj. to reflect use of actual 88-89 salary. | 07-01-89 | 730.70 | 724.13 |
| Kober, Theodora adj. to reflect use of actual term. pay amount. | 07-01-89 | 1,507.20 | 1,570.71 |
| Letke, Nancy adj to reflect use of term pay under Opt. II | 07-01-89 | 592.34 | 592.36 |

RETIREMENT APPLICATIONS - SEPTEMBER 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Blake, George M. | 09-01-89 | U of M | 32.17 | 58 | 6,871.73 | I | 1,804.46 |
| Brown, Joseph E. | 07-01-89 | U of M | 17.00 | 69 | 9,385.36 | I | 807.89 |
| Dockstader, James M. | 08-01-89 | Flathead | 25.00 | 49 | 2,475.86 | I | 819.53 |
| Doty, Jack H. | 09-01-89 | U of M | 19.22 | 65 | 513.00 | I | 671.31 |
| Dozier, Robert R. | 09-01-89 | U of M | 29.22 | 56 | 6,855.18 | I | 1,373.80 |
| Eschler, Leonard | 09-01-89 | State Dept. | 28.72 | 56 | | | 1,246.88 |
| Greenwood, David H. | 09-01-89 | Hill | 25.22 | 52 | 7,513.51 | I | 1,382.06 |
| Jarka, Horst S. | 09-01-89 | U of M | 36.66 | 64 | 8,827.83 | I | 2,154.34 |
| Lewis, Harley W. | 09-01-89 | U of M | 25.22 | 48 | 17,909.64 | I | 1,681.82 |
| Lewis, Keith L. | 07-01-88 | Roosevelt | 31.00 | 54 | 3,560.20 | I | 1,383.81 |
| Mr. Lewis was inadvertently missed on the 8-01-88 Board Listing. | | | | | | | |
| Lockridge, Shirley E. | 07-01-89 | Flathead | 13.50 | 62 | | | 449.06 |
| Lodge-Peters, Dianne S. | 07-01-89 | MSU | 9.00 | 60 | 2,827.78 | III | 429.32 |
| Madison, Alexander P. | 09-01-89 | U of M | 31.60 | 65 | 14,701.26 | III | 1,314.34 |
| Martin, Francis D. | 07-01-89 | Lincoln | 24.08 | 63 | 20,809.50 | I | 1,132.54 |
| Meagor, William | 09-01-89 | Silver Bow | 30.22 | 52 | 30,098.93 | I | 2,284.24 |
| Michels, Joyce G. | 07-01-89 | Hill | 33.44 | 61 | 12,144.33 | II | 1,295.94 |
| Monilaws, Kenneth L. | 07-01-89 | Liberty | 34.93 | 57 | 2,058.60 | I | 1,575.35 |
| Moody, Joe T. | 07-01-89 | Flathead | 25.00 | 49 | | | 1,162.71 |
| O'Brien, James B. | 09-01-89 | Yellowstone | 29.67 | 53 | 21,022.15 | I | 1,824.69 |
| Peccia, James D. | 07-01-89 | Glacier | 25.00 | 50 | 2,375.00 | III | 1,101.93 |
| Peterson, Merryellen | 10-01-88 | Judith Basin | 25.16 | 46 | 5,942.75 | III | 863.26 |
| Mrs. Peterson was inadvertently missed on the 11-01-88 Board Listing. | | | | | | | |
| Poor, James D. | 07-01-89 | Cascade | 29.00 | 53 | 5,236.88 | I | 1,600.43 |
| Reynolds, Lloyd L. | 07-01-88 | Teton | 29.00 | 53 | | | 1,126.64 |
| Mr. Reynolds was inadvertently missed on the 9-01-88 Board Listing. | | | | | | | |
| Schilling, Patricia | 07-01-89 | Prairie | 30.08 | 62 | | | 591.44 |
| Southern, Robert M. | 07-01-89 | Garfield | 35.98 | 57 | 8,179.25 | I | 1,241.24 |
| Sturtz, Betty R. | 07-01-89 | Garfield | 28.45 | 59 | | | 481.79 |
| Taylor, John E. | 07-01-89 | MSU | 27.31 | 58 | 17,007.12 | III | 1,357.91 |
| Voorhis, John R. | 09-01-89 | L & C | 29.30 | 57 | 15,500.00 | III | 1,476.19 |
| Wendland, Sylvia A. | 07-01-89 | Powell | 25.00 | 59 | | | 512.19 |
| Wendland, William J. | 08-01-89 | State Dept. | 26.11 | 48 | 8,948.00 | III | 1,071.48 |
| Williams, Ida S. | 01-01-89 | V. R. | 10.00 | 60 | | | 218.48 |

SURVIVOR APPLICATIONS - SEPTEMBER 1989

| | EFFECTIVE DATE | COUNTY | SERV | AGE | TERMINATION PAY | OPT | AMOUNT |
|---|---|---|---|---|---|---|---|
| Hunter, Dorothy V. | 08-01-89 | Cascade | 21.17 | 57 | 3,032.70 | I | 926.26 |
| Survivor of David S. Hunter | | | | 58 | | | |

Minutes for
SPECIAL BOARD MEETING
November 17, 1989

The special meeting to interview finalist to service the Teachers' Retirement System [403(b)] Tax-sheltered Annuity Plan was called to order by Chairman Cowan at 8:00 a.m. in the Purchasing Conference Room, Sam W. Mitchell Building. Those in attendance were Jim Cowan, LeRoy Corbin, Virginia Egli, John Kranick, David Senn, and Tom Cavanaugh, consultant. Nancy Keenan was out of town and unable to attend. Verna Green asked to be excused because as an employee of D. A. Davidson she felt their was a conflict of interest.

Thirteen bids were received, one (Aetna) was rejected because it was not received by the published deadline. Of the twelve remaining, three were for products, two were for adminstration and seven were for both products and administration. Six proposals were scheduled for interview. One product provider, Nationwide, two administrators, PEBSCO and DADCO, and three combination bidders, Mutual of America, VALIC and Massechusetts Financial Services.

Mr. Kranick stated that he had a sizeable amount in the tax-sheltered annuity fund and wondered if anyone objected if he voted. Mrs. Egli and Mr. Corbin objected and Mr. Kranick abstained from voting.

Following a brief discussion Mr. Corbin moved that VALIC be selected to service the Teachers' Retirement System [403(b)] Tax-sheltered Annity Plan. Mrs. Egli seconded the motion which carried unanimously.

The meeting was adjourned.

MINUTES OF CONFERENCE CALL
on November 22, 1989

Chairman Cowan directed that a conference call between Nancy Keenan, LeRoy Corbin, James Cowan and David Senn be made for the purpose of reviewing the disability application of Thomas Prater. Mr. Senn reviewed the Application for Disability Retirement effective January 1, 1990, and the Attending Physician's Statement. Mr. Corbin moved to approve the Application for Disability Benefits and Ms. Keenan seconded the motion which carried.

Meeting was adjourned.